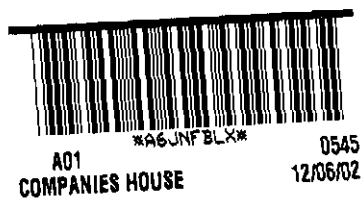


Morley Limited

Financial statements for the year ended 30 September 2001
together with directors' and auditors' reports

Registered number: 3203923



Directors' report

For the year ended 30 September 2001

The directors present their annual report and the audited financial statements for the year ended 30 September 2001.

Activities and future prospects

The principal activity of the Company during the year was to act as trustee of a portfolio of unsecured loans and of all payments received on those loans.

The directors consider that the Company has and will continue to perform satisfactorily.

Results and dividends

The results for the year are shown in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (2000 - £nil).

Directors

The directors who held office during the year were as follows:

James R Clark
Kenneth W Maynard
G P Crawford

The directors who held office during the year do not have any interests in the shares of the Company.

Supplier payment policy

It is the Company's policy to abide by the terms of payment agreed with suppliers.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report (continued)

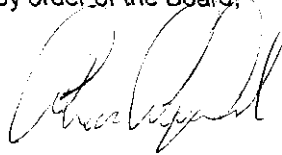
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

10 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4LT

By order of the Board,



Glen P. Crawford

30 April 2002

Director

To the shareholders of Morley Limited

We have audited the financial statements of Morley Limited for the year ended 30 September 2001 which comprise the Profit and loss account, the Balance sheet and the related notes numbered 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

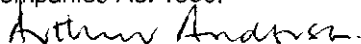
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 30 September 2001 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL
30 April 2002

Profit and loss account

For the year ended 30 September 2001

	Note	2001 £	2000 £
Operating income		7,047	8,000
Administration expenses		(9,611)	(8,000)
Operating loss		<u>(2,564)</u>	<u>-</u>
Interest receivable and similar income	3	2,564	-
Profit on ordinary activities before taxation	2	<u>-</u>	<u>-</u>
Tax on ordinary activities	5	-	-
Profit for the year after taxation		<u>-</u>	<u>-</u>

All material activities derive from continuing operations.

There are no recognised gains or losses, or other movements in shareholders' funds other than the result for the current and preceding years.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

As at 30 September 2001

	Note	2001 £	2000 £
Current assets			
Debtors	6	2,722	4,000
Cash at bank and in hand		2,267	-
		<u>4,989</u>	<u>4,000</u>
Creditors: amounts falling due within one year	7	<u>(4,987)</u>	<u>(3,998)</u>
Net current assets		<u>2</u>	<u>2</u>
Net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called-up share capital	8	2	2
Profit and loss account		-	-
Equity shareholders' funds		<u>2</u>	<u>2</u>

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 4 to 7 were approved by the Board of Directors on 30 April 2002 and are signed on its behalf by:



Glen P. Crawford
Director

Notes to the financial statements

For the year ended 30 September 2001

1 Principal accounting policies

The principal accounting policies of the Company, all of which have been applied consistently throughout the year, and the preceding year, are described below.

a) Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover

Turnover represents amounts collected from administration fees.

c) Cash flow statement

Under the provisions of FRS 1 (Revised) "Cash Flow Statements", the Company has not provided a cash flow statement. This is because the Company is a wholly owned subsidiary of Cabot Financial Debt Recovery Services Limited whose consolidated financial statements are publicly available.

d) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is after charging :

	2001 £	2000 £
Auditors' remuneration - audit services	<u>3,189</u>	<u>4,000</u>

3 Interest receivable and similar income

	2001 £	2000 £
Interest receivable	<u>2,564</u>	<u>-</u>

4 Staff costs and directors' remuneration

There were no employees in the Company during the year ended 30 September 2001 (2000 - £nil).

The total amounts for directors' remuneration and other benefits were as follows:

	2001 £	2000 £
Emoluments	<u>2,154</u>	<u>3,000</u>

Notes to the financial statements (continued)

5 Tax on profit on ordinary activities

No tax was charged on the profits for the year to 30 September 2001 (2000 - £nil).

6 Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Amounts due from related company	2,722	-
Other debtors and prepayments	-	4,000
	<u>2,722</u>	<u>4,000</u>

7 Creditors

	2001 £	2000 £
Amounts falling due within one year:		
Other creditors and accruals	4,987	3,998
	<u>4,987</u>	<u>3,998</u>

8 Called up share capital

	2001 £	2000 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

9 Ultimate parent company and related party transactions

Morley Limited is a wholly owned subsidiary of Kings Hill (No 1) Limited and its results are included in the consolidated financial statements of Cabot Financial Debt Recovery Services Limited. Consequently, the company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Cabot Financial Debt Recovery Services Limited Group for the year ended 30 September 2001.

The Company's ultimate parent company is CS Structured Credit Fund Ltd., a company incorporated in the Cayman Islands. Cabot Financial Debt Recovery Services Limited is the smallest group in which the results are consolidated.