

Company Registration No. 03890593

Kings Hill Capital Limited

Report and Financial Statements

Year ended 31 October 2004



Kings Hill Capital Limited

Report and financial statements 2004

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Kings Hill Capital Limited

Report and financial statements year ended 31 October 2004

Officers and professional advisers

Directors

K W Maynard
G P Crawford

Secretary

J D Randall

Registered office

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

Bankers

Barclays Bank PLC
54 Lombard Street
London
EC3V 9EX

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Kings Hill Capital Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 October 2004.

Activities

The Company's principal activity was formerly securitisation of non-performing loans in the United Kingdom. The Company has not traded during the year.

Results and dividends

The audited financial statements for the year ended 31 October 2004 are set out on pages 5 to 10. The Company's result for the year, after taxation was £nil (year ended 31 October 2003 - £nil). The directors do not recommend the payment of a dividend (2003 - £nil).

The directors expect the level of business to remain constant throughout the coming year.

Directors and their interests

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

K W Maynard

G P Crawford

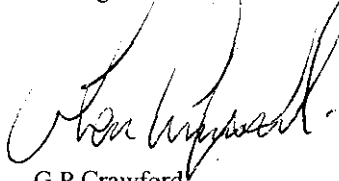
CS SCF Management Limited (resigned 22 January 2004)

The interests in the group held by directors during the year relate to Cabot Financial Holdings Group Limited and are disclosed in that company's financial statements.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G P Crawford

Director

11 January 2005

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditors' report to the members of Kings Hill Capital Limited

We have audited the financial statements of Kings Hill Capital Limited for the year ended 31 October 2004 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, 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 the Company's affairs at 31 October 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

11 January 2005

Kings Hill Capital Limited

Profit and loss account Year ended 31 October 2004

| | Note | Year ended 31 October 2004 £ | Year ended 31 October 2003 £ |
|--|------|--|--|
| Turnover | 2 | - | - |
| Purchase cost recovery | | - | - |
| | | <hr/> | <hr/> |
| Gross profit | | - | - |
| Administrative expenses | | - | - |
| | | <hr/> | <hr/> |
| Operating profit | 3 | - | - |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before and after taxation | 5 | - | - |
| | | <hr/> | <hr/> |

A reconciliation of movements in shareholders' funds is given in note 11.

The Company did not trade during the year or the prior year. There are no recognised gains or losses in the year or the prior year and accordingly, no statement of total recognised gains and losses is shown.

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

Kings Hill Capital Limited

Balance sheet

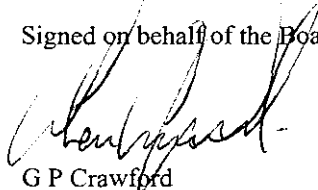
Year ended 31 October 2004

| | Note | 31 October 2004 £ | 31 October 2003 £ |
|---|------|----------------------------|----------------------------|
| Fixed assets | | | |
| Investments | 6 | <u>500</u> | <u>500</u> |
| Current assets | | | |
| Debtors | 7 | <u>66,687</u> | <u>66,687</u> |
| | | 66,687 | 66,687 |
| Creditors: amounts falling due within one year | 8 | <u>(4,594)</u> | <u>(4,594)</u> |
| Net current assets | | <u>62,093</u> | <u>62,093</u> |
| Total assets less current liabilities | | <u>62,593</u> | <u>62,593</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1 | 1 |
| Profit and loss account | 10 | <u>62,592</u> | <u>62,592</u> |
| Equity shareholders' funds | 11 | <u>62,593</u> | <u>62,593</u> |

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

These financial statements were approved by the Board of Directors on 11 January 2005.

Signed on behalf of the Board of Directors



G P Crawford

Director

Kings Hill Capital Limited

Notes to the accounts

Year ended 31 October 2004

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Cabot Financial Holdings Limited which prepares such statements. These financial statements therefore present information about the company as an individual entity and not about its group

Investments

Fixed asset investments are shown at cost less provision for impairment. The principal investment held by the Company is shown in note 6.

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 Holdings Limited which prepares such a statement.

2. Turnover

The Company did not trade during the year or the previous year.

3. Operating profit

| | Year ended 31 October 2004 £ | Year ended 31 October 2003 £ |
|--|--|--|
| Operating profit is stated after charging: | | |
| Auditors' remuneration | | |
| - for audit work | - | - |
| - for non-audit work | - | - |
| | <hr/> | <hr/> |

The auditors' remuneration has been borne by the Company's parent company in the current and prior year.

4. Staff costs

There were no employees of the Company during the year ended 31 October 2004 (2003 - none). The directors received no remuneration in the year (2003 - £nil).

Kings Hill Capital Limited

Notes to the accounts

Year ended 31 October 2004

5. Tax on profit on ordinary activities

There was no tax charge for the year ended 31 October 2004 (year ended 31 October 2003 - £nil).

6. Fixed asset investments

The Company's subsidiary undertaking did not trade during the year.

| | 31 October 2004 £ | 31 October 2003 £ |
|-----------------------------------|----------------------------|----------------------------|
| Cost at start and end of the year | 500 | 500 |

The Company has an investment in the following subsidiary undertaking:

| Subsidiary undertakings | Date of acquisition | Country of incorporation and operation or principal business address | Principal activity | Ordinary shares held | % voting rights held |
|-------------------------|---------------------|--|--------------------|----------------------|----------------------|
| Morley Funding Limited | 17 May 2001 | Great Britain | Dormant | £500 | 100 |

7. Debtors

| | 31 October 2004 £ | 31 October 2003 £ |
|--------------------------------|----------------------------|----------------------------|
| Amount owed by group companies | 66,687 | 66,687 |

8. Creditors – amounts falling due within one year

| | 31 October 2004 £ | 31 October 2003 £ |
|-----------------------------------|----------------------------|----------------------------|
| Amount owed to group undertakings | 4,594 | 4,594 |
| | 4,594 | 4,594 |

Kings Hill Capital Limited

Notes to the accounts Year ended 31 October 2004

9. Called up share capital

| | 31 October 2004 £ | 31 October 2003 £ |
|---|----------------------------|----------------------------|
| Authorised: | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| Allotted, called up, and fully paid: | | |
| 1 ordinary share of £1 | 1 | 1 |

10. Profit and loss account

| | 31 October 2004 £ | 31 October 2003 £ |
|---------------------------------|----------------------------|----------------------------|
| Profit for the financial year | - | - |
| Opening profit and loss account | 62,592 | 62,592 |
| Closing profit and loss account | 62,592 | 62,592 |

11. Reconciliation of movements in shareholders' funds

| | Year ended 31 October 2004 £ | Year ended 31 October 2003 £ |
|-------------------------------------|--|--|
| Result for the financial year | - | - |
| Net movement in shareholders' funds | - | - |
| Opening shareholders' funds | 62,593 | 62,593 |
| Closing shareholders' funds | 62,593 | 62,593 |

Kings Hill Capital Limited

Notes to the accounts

Year ended 31 October 2004

12. Ultimate parent company and related party transactions

Cabot Financial Debt Recovery Services Ltd is the Company's immediate parent and controlling Company. On 22 January 2004, CS Structured Credit Fund Limited, the company's previous ultimate parent undertaking, sold its interest in the group to Cabot Financial Holdings Group Limited, a company newly incorporated in the United Kingdom. Cabot Financial Holdings Group Limited is owned by a number of different entities, none of which own a controlling interest and therefore the company's ultimate parent undertaking is now Cabot Financial Holdings Group Limited.

The company is a wholly owned indirect subsidiary of Cabot Financial Holdings Group Limited. Kings Hill Capital Limited is consolidated in the financial statements of Cabot Financial Holdings Limited (smallest group) and Cabot Financial Holdings Group Limited (largest group). 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 Holdings Group Limited group. The consolidated financial statements of Cabot Financial Holdings Group Limited group are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.