

Company Registration No. 3936134

**Cabot Financial Debt Recovery
Services Limited**
Report and Financial Statements

Year ended 31 October 2005



Cabot Financial Debt Recovery Services Limited

Report and financial statements 2005

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

Cabot Financial Debt Recovery Services Limited

Report and financial statements 2005

Officers and professional advisers

Directors

G P Crawford
K W Maynard
J D Randall

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
London

Cabot Financial Debt Recovery Services Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 October 2005.

Principal activities

The principal activity of the Company is the funding and management of other companies within the Cabot Financial Holdings Group Limited group of companies.

As the Company's parent Company, Cabot Financial Holdings Limited prepares consolidated accounts the directors are not required to prepare such accounts.

Results and dividends

The audited financial statements for the year ended 31 October 2005 are set out on pages 5 to 12. The profit for the year after taxation was £223,500 (2004 - £256,852). The directors do not recommend the payment of a dividend (2004 - £nil).

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

Directors and their interests

The directors who held office throughout the year, except where noted below, were as follows:

K W Maynard

G P Crawford

J D Randall (appointed 8 December 2005)

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

Supplier payment policy

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

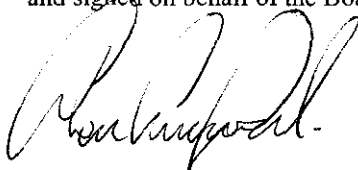
Charitable and political contributions

During the year the Company made no charitable or political donations (2004 - £nil).

Auditors

A resolution to reappoint 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

10 January 2006

Cabot Financial Debt Recovery Services Limited

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;
- 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 Cabot Financial Debt Recovery Services Limited

We have audited the financial statements of Cabot Financial Debt Recovery Services Limited for the year ended 31 October 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 opinions 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 or material inconsistencies with the financial statements.

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 affairs of the company as at 31 October 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

10 January 2006

Cabot Financial Debt Recovery Services Limited

Profit and loss account

Year ended 31 October 2005

	Note	2005 £	2004 £
Administration expenses		6,195	(8,524)
Operating profit/(loss)	2	6,195	(8,524)
Interest receivable and similar income	3	14,750	13,353
Interest payable and similar charges	4	(2,219)	(17,306)
Income from shares in group undertakings	5	315,588	398,406
Profit on ordinary activities before taxation		334,314	385,929
Tax on profit on ordinary activities	6	(110,814)	(129,077)
Profit for the year after taxation		223,500	256,852
Retained profit for the year	13	223,500	256,852

All the above arises from continuing operations. There are no other gains, or losses other than the profit recognised in the profit and loss account for the current or preceding year and accordingly no statement of total recognised gains and losses is given.

A reconciliation of movements in shareholders' funds is given in note 13.

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

Cabot Financial Debt Recovery Services Limited

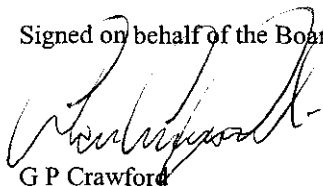
Balance sheet 31 October 2005

	Note	2005 £	2004 £
Fixed assets			
Investments	8	14,903,824	14,903,824
		<u>14,903,824</u>	<u>14,903,824</u>
Current assets			
Debtors	9	12,431,838	12,178,483
		<u>12,431,838</u>	<u>12,178,483</u>
CREDITORS: amounts falling due			
Within one year	10	(24,705,259)	(24,675,404)
Net current liabilities		<u>(12,273,421)</u>	<u>(12,496,921)</u>
Total assets less current liabilities/net assets		<u>2,630,403</u>	<u>2,406,903</u>
Capital and reserves			
Called up share capital	11	924,001	924,001
Profit and loss account	12	<u>1,706,402</u>	<u>1,482,902</u>
Equity shareholders' funds	13	<u>2,630,403</u>	<u>2,406,903</u>

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

These financial statements were approved by the Board of Directors on 10 January 2006.

Signed on behalf of the Board of Directors



G P Crawford

Director

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements Year ended 31 October 2005

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.

Income from shares in group undertakings

Income from shares in group undertakings represents dividends from group undertakings recognised on a received basis.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign exchange

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All other exchange differences are included in the profit and loss account.

Investments

Fixed asset investments are shown at cost less provision for impairment.

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.

Consolidation

Cabot Financial Debt Recovery Services Limited has taken advantage of the exemption from preparing consolidated accounts as it is a wholly owned subsidiary of Cabot Financial Holdings Limited and its results are included in the consolidated financial statements of Cabot Financial Holdings Limited. These financial statements therefore present information about the company as an individual entity and not about its group.

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements Year ended 31 October 2005

2. Operating profit/(loss)

	Year ended 31 October 2005 £	Year ended 31 October 2004 £
Operating loss is stated after (crediting)/charging:		
Auditors' remuneration		
- for audit work	-	-
- for non-audit work	-	-
Foreign exchange (gains)/losses	(6,195)	8,524

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

3. Interest receivable and similar income

	2005 £	2004 £
Interest receivable from group companies	14,750	13,353

4. Interest payable and similar charges

	2005 £	2004 £
Interest payable to group companies	2,219	17,306

5. Investment income

The dividend has been paid by Cabot Services Europe SAS, a wholly owned subsidiary of this Company that is incorporated in France.

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements Year ended 31 October 2005

6. Tax on profit on ordinary activities

	2005 £	2004 £
Analysis of charge in the year		
Current tax		
UK Corporation tax at 30%	-	-
Group relief at 30%	(5,618)	3,743
	(5,618)	3,743
Adjustment in respect of prior years	-	(18)
	(5,618)	3,725
Foreign tax	(105,196)	(132,802)
Total current tax	(110,814)	(129,077)
Tax on profit on ordinary activities	(110,814)	(129,077)

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 30%. The difference is explained below:

Profit on ordinary activities before taxation	334,314	385,929
Tax on ordinary activities at standard UK corporation tax at 30% (2004 - 30%)	(100,294)	(115,779)
Adjustment to tax in respect of previous periods	-	(18)
Higher tax rates on overseas earnings	(10,520)	(13,280)
Current tax charge for year	(110,814)	(129,077)

The Company has no provided or un-provided deferred tax.

7. Staff costs

There were no employees of the Company during the year ended 31 October 2005 (2004 - none). The directors received no remuneration in the year (2004 - £nil).

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements Year ended 31 October 2005

8. Fixed asset investments

	2005 £	2004 £
Cost and net book value of investments in subsidiary undertakings		
Brought forward at beginning of year	14,903,824	4,903,825
New subscriptions	-	9,999,999
Carried forward at end of year	<u>14,903,824</u>	<u>14,903,824</u>

The Company has investments in the following subsidiary undertakings which principally affected the financial statements of the Company:

Subsidiary undertakings	Date of acquisition	Country of incorporation and operation	Principal activity	Ordinary shares held	% shares held
Cabot Financial (Europe) Limited	27 April 2000	Great Britain	Collection of UK consumer debt	£12,104,790	100
Kings Hill (No. 1) Limited	27 April 2000	Great Britain	UK consumer debt purchase and recovery	£10,000,000	100
Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited)	27 April 2000	Great Britain	Servicing of UK consumer debt	£1	100
Kings Hill Capital Limited	30 August 2000	Great Britain	Dormant	£1	100
Cabot Services (Europe) SAS	27 April 2000	France	French consumer debt purchase and recovery	€38,112	100

9. Debtors

	2005 £	2004 £
Loans to subsidiary undertakings	11,662,323	11,662,323
Amount owed by other group companies	769,515	516,160
	<u>12,431,838</u>	<u>12,178,483</u>

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements Year ended 31 October 2005

10. Creditors: amounts falling due within one year

	2005 £	2004 £
Loans from group companies	24,158,599	24,158,599
Amounts owed to group undertakings	546,660	516,805
	<u>24,705,259</u>	<u>24,675,404</u>

11. Called up share capital

	2005 £	2004 £
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up, and fully paid:		
924,001 ordinary shares of £1 each	<u>924,001</u>	<u>924,001</u>

12. Profit and loss account

	2005 £	2004 £
At beginning of year	1,482,902	1,226,050
Retained profit for the year	<u>223,500</u>	<u>256,852</u>
At end of year	<u>1,706,402</u>	<u>1,482,902</u>

13. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	<u>223,500</u>	<u>256,852</u>
Net addition to shareholders' funds	223,500	256,852
Opening shareholders' funds	<u>2,406,903</u>	<u>2,150,051</u>
Closing shareholders' funds	<u>2,630,403</u>	<u>2,406,903</u>

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements Year ended 31 October 2005

14. Contingent liabilities

The Company is party to a guarantee in favour of the Group's bankers in relation to loans drawn down by other Group companies. Amounts outstanding at 31 October 2005 were £68,646,747 (2004 - £52,511,085).

15. Ultimate parent company and related party transactions

Cabot Financial Debt Recovery Services Limited is a wholly owned subsidiary of Cabot Financial Holdings Group Limited, its ultimate parent undertaking. The smallest group into which the results of the Company are consolidated is Cabot Financial Holdings Limited. The largest group into which the results of the Company are consolidated into is that of its ultimate parent undertaking. 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 for the year ended 31 October 2005. The financial statements of Cabot Financial Holdings Group Limited group are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.