

**Company Registration No. 393613~~5~~4**

**CABOT FINANCIAL DEBT  
RECOVERY SERVICES LIMITED**  
**Report and Financial Statements**

**Year ended 31 October 2004**



# **CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED**

## **Report and financial statements 2004**

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# **CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED**

## **Report and financial statements 2004**

### **Officers and professional advisers**

#### **Directors**

G P Crawford  
K W Maynard

#### **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

# **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 2004.

### **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 2004 are set out on pages 5 to 12. The profit for the year, after taxation was £256,852 (year ended 31 October 2003 – profit £272,604). The directors do not recommend the payment of a dividend (2003 - £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 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.

### **Supplier payment policy**

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

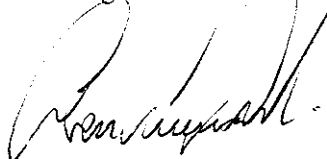
### **Charitable and political contributions**

During the year the Company made no charitable or political donations (2003 - £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

21 December 2004

# **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, 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 2004 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.

### **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 2004 and of its profit 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

21 December 2004

# CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

## Profit and loss account Year ended 31 October 2004

	Note	Year ended 31 October 2004 £	Year ended 31 October 2003 £
Administration expenses		(8,524)	(19,921)
<b>OPERATING LOSS</b>	2	(8,524)	(19,921)
Interest receivable and similar income	3	13,353	6,778
Interest payable and similar charges	4	(17,306)	(22,264)
Income from shares in group undertakings	5	398,406	443,236
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		385,929	407,829
Tax on profit on ordinary activities	6	(129,077)	(135,225)
<b>PROFIT FOR THE YEAR AFTER TAXATION</b>		256,852	272,604
<b>RETAINED PROFIT FOR THE YEAR</b>	13	256,852	272,604

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

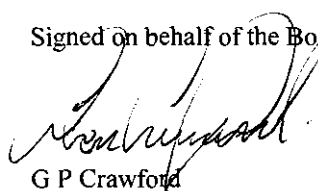
## Balance sheet 31 October 2004

	Note	31 October 2004 £	31 October 2003 £
<b>FIXED ASSETS</b>			
Investments	8	14,903,824	4,903,825
		<u>14,903,824</u>	<u>4,903,825</u>
<b>CURRENT ASSETS</b>			
Debtors	9	12,178,483	21,882,934
		<u>12,178,483</u>	<u>21,882,934</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(24,675,404)	(24,636,708)
<b>NET CURRENT LIABILITIES</b>		<u>(12,496,921)</u>	<u>(2,753,774)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES/NET ASSETS</b>		<u>2,406,903</u>	<u>2,150,051</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	924,001	924,001
Profit and loss account	12	1,482,902	1,226,050
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u>2,406,903</u>	<u>2,150,051</u>

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

These financial statements were approved by the Board of Directors on 21 December 2004

Signed on behalf of the Board of Directors



G P Crawford

Director



# CABOT FINANCIAL DEBT RECOVERY SERVICES 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.

#### 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.

#### 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.

#### 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.

### 2. Operating loss

	Year ended 31 October 2004 £	Year ended 31 October 2003 £
Operating loss is stated after charging:		
Auditors' remuneration		
- for audit work	-	-
- for non-audit work	-	-
Foreign exchange losses	8,524	19,860

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

### 3. Interest receivable and similar income

	Year ended 31 October 2004 £	Year ended 31 October 2003 £
Interest receivable from group companies	13,353	6,778

# **CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED**

## **Notes to the accounts**

### **Year ended 31 October 2004**

#### **4. Interest payable and similar charges**

	<b>Year ended 31 October 2004 £</b>	<b>Year ended 31 October 2003 £</b>
Interest payable to group companies	<u>17,306</u>	<u>22,264</u>

#### **5. Investment income**

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

# CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

## Notes to the accounts Year ended 31 October 2004

### 6. Tax on profit on ordinary activities

	Year ended 31 October 2004 £	Year ended 31 October 2003 £
<b>Analysis of charge in the year</b>		
<b>Current tax</b>		
UK Corporation tax at 30%	-	-
Group relief at 30%	3,743	10,622
	<u>3,743</u>	<u>10,622</u>
Adjustment in respect of prior years	(18)	421
	<u>3,725</u>	<u>11,043</u>
Foreign tax	(132,802)	(146,268)
	<u>(129,077)</u>	<u>(135,225)</u>
Total current tax		
	<u>(129,077)</u>	<u>(135,225)</u>
Tax on profit on ordinary activities	<u>(129,077)</u>	<u>(135,225)</u>
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	385,929	407,829
Tax on ordinary activities at standard UK corporation tax at 30% (2003 - 30%)	(115,779)	(122,349)
Adjustment to tax in respect of previous periods	(18)	421
Higher tax rates on overseas earnings	(13,280)	(13,297)
	<u>(129,077)</u>	<u>(135,225)</u>
Current tax charge for year	<u>(129,077)</u>	<u>(135,225)</u>

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 2004 (2003 - none). The directors received no remuneration in the year (2003 - £nil).

# CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

## Notes to the accounts Year ended 31 October 2004

### 8. Fixed asset investments

	31 October 2004 £	31 October 2003 £
Cost of investments in subsidiary undertakings		
Bought forward at beginning of period	4,903,825	4,903,825
New subscriptions	9,999,999	-
Carried forward	<u>14,903,824</u>	<u>4,903,825</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
Kings Hill (No. 2) Limited	27 April 2000	Great Britain	Dormant	£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	Euro 38,112	100

During the year 9,999,999 ordinary shares in Kings Hill (No. 1) Limited were purchased. The nominal value for these shares, being £9,999,999, was deducted from the loan owed by Kings Hill (No. 1) Limited to Cabot Financial Debt Recovery Services Limited.

### 9. Debtors

	31 October 2004 £	31 October 2003 £
Loans to subsidiary undertakings	11,662,323	21,662,322
Amount owed by other group companies	<u>516,160</u>	<u>220,612</u>
	<u>12,178,483</u>	<u>21,882,934</u>

# CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

## Notes to the accounts Year ended 31 October 2004

### 10. Creditors: amounts falling due within one year

	31 October 2004 £	31 October 2003 £
Loans from group companies	24,158,599	24,158,600
Amounts owed to group undertakings	516,805	478,108
	<u>24,675,404</u>	<u>24,636,708</u>

### 11. Called up share capital

	31 October 2004 £	31 October 2003 £
<b>Authorised:</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up, and fully paid:</b>		
924,001 ordinary shares of £1 each	<u>924,001</u>	<u>924,001</u>

### 12. Profit and loss account

	Year ended 31 October 2004 £	Year ended 31 October 2003 £
At beginning of year	1,226,050	953,446
Retained profit for the year	<u>256,852</u>	<u>272,604</u>
At end of year	<u>1,482,902</u>	<u>1,226,050</u>

### 13. Reconciliation of movements in shareholders' funds

	31 October 2004 £	31 October 2003 £
Profit for the financial year	<u>256,852</u>	<u>272,604</u>
Net addition to shareholders' funds	256,852	272,604
Opening shareholders' funds	<u>2,150,051</u>	<u>1,877,447</u>
Closing shareholders' funds	<u>2,406,903</u>	<u>2,150,051</u>

# **CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED**

## **Notes to the accounts Year ended 31 October 2004**

### **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 2004 were £52,511,085 (31 October 2003 - £21,861,255).

### **15. Ultimate parent company and related party transactions**

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. Cabot Financial Debt Recovery Services Limited is consolidated in the financial statements of Cabot Financial Holdings Limited (smallest group) and Cabot Financial Holdings Group Limited (largest group).

Cabot Financial Debt Recovery Services Limited is a wholly owned subsidiary of Cabot Financial Holdings Group 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 Holdings Group Limited group for the year ended 31 October 2004. The financial statements of Cabot Financial Holdings Group Limited group are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.