

Company Registration No. 3936134

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

Year ended 31 October 2009

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Cabot Financial Debt Recovery Services Limited

Report and financial statements 2009

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Cabot Financial Debt Recovery Services Limited

Report and financial statements 2009

Officers and professional advisers

Directors

G P Crawford
K W Maynard
J D Randall

Secretary

J D Randall

Registered office

1 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4UA

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditors

Deloitte LLP
London United Kingdom

Cabot Financial Debt Recovery Services Limited

Directors' report

The Directors present their annual report on the affairs of Cabot Financial Debt Recovery Services Limited (the Company") together with the financial statements and auditors' report for the year ended 31 October 2009

Principal activities and business review

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

The Directors consider that the Company performed its obligations to manage the interests of other companies in the Group in accordance with the business plan, and will continue to do so

Principal risks

As described in note 16 to the financial statements, the Company is a member of the Cabot Financial Group (the "Group") Consolidated accounts for the Group are drawn up for Cabot Financial Holdings Group Limited The Company provides funding and management to the Group and receives dividend income from these related parties Therefore the majority of the risks it faces are related to the performance of the rest of the Group The principal activity of the Group is the purchase and recovery of non-performing consumer loans and the principal risks attached are explained in the accounts of the Group The dividends received are from its foreign investments and therefore the level of income will be directly affected by foreign exchange movements

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Business review of this report The financial position of the Company and liquidity position are described in these accounts The Company made an operating loss of £14,422 (2008 £469), had net current liabilities of £14,696,973 (2008 £14,707,157) and had a net surplus on shareholders funds of £2,509,917 (2008 £2,499,733)

The Company's business is the funding and management of the wider group of companies and is therefore dependent on the financial well being of the Group for its own financial security However, the Company's parent undertaking has confirmed it will continue to support the Company for the foreseeable future

The Group meets its day to day working capital requirements through a £155m senior loan facility The renewal date of this bank loan facility is 17 December 2011 As of the balance sheet date the senior loan facility was drawn down to £111m

The Group's latest forecasts and cash flow projections have been reviewed in comparison to the loan facility terms and covenants and this has not indicated any significant uncertainty over the Group's ability to operate within the requirements of the renewed facility and therefore to continue as a going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Cabot Financial Debt Recovery Services Limited

Directors' report (continued)

Results and dividends

The audited financial statements for the year ended 31 October 2009 are set out on pages 6 to 14. The Company's result for the year after taxation was a profit of £10,184 (2008: loss £213,615). The Directors do not recommend the payment of a dividend (2008: £nil).

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

Directors

The Directors who held office throughout the year were as follows:

K W Maynard

G P Crawford

J D Randall

Supplier payment policy

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

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappointment of them will be proposed at the forthcoming Annual General Meeting.

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



J D Randall
Director

22 February 2010

Cabot Financial Debt Recovery Services Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepting Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they 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 UK accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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 2009, which comprise the profit and loss account the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. 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 explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andrew Downes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

2010

22 February

Cabot Financial Debt Recovery Services Limited

Profit and loss account

For the year ended 31 October 2009

	Notes	2009 £	2008 £
Administration expenses		(14,422)	(469)
Operating loss		(14,422)	(469)
Loss on sale of fixed asset investment	8	(102)	(10,823)
Interest receivable and similar income	2	-	3,982
Interest payable and similar charges	3	(155,572)	(381,465)
Income from shares in group undertakings	4	176,472	137,931
Other income		3,808	37,229
Profit/(Loss) on ordinary activities before taxation	5	10,184	(213,615)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(Loss) for the year after taxation		10,184	(213,615)

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 and preceding year and accordingly no statement of total recognised gains and losses is given.

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

Cabot Financial Debt Recovery Services Limited

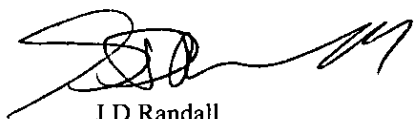
Balance sheet As at 31 October 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	8	17,206,890	17,206,890
		<u>17,206,890</u>	<u>17,206,890</u>
Current assets			
Debtors amounts falling due within one year	9	13,993,265	13,821,686
Cash at bank and in hand		-	53,158
		<u>13,993,265</u>	<u>13,874,844</u>
Creditors. amounts falling due within one year	10	(28,690,238)	(28,582,001)
Net current liabilities		<u>(14,696,973)</u>	<u>(14,707,157)</u>
Total assets less current liabilities		<u>2,509,917</u>	<u>2,499,733</u>
Capital and reserves			
Called up share capital	11	924,001	924,001
Profit and loss account	12	1,585,916	1,575,732
Equity shareholders' funds	13	<u>2,509,917</u>	<u>2,499,733</u>

The accompanying notes are an integral part of this balance sheet

These financial statements with registered number 3936135, were approved by the Board of Directors and authorised for issue on 22 February 2010

Signed on behalf of the Board of Directors



J D Randall

Director

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements For the year ended 31 October 2009

1 Accounting policies

The particular accounting policies adopted are described below. These have been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position, are set out in the Business review of the Directors' report. The financial position of the Company and liquidity position are described in these accounts. The Company made an operating loss of £14,422 (2008: £469), had net current liabilities of £14,696,973 (2008: £14,707,157) and had a net surplus on shareholders' funds of £2,509,917 (2008: £2,499,733).

The Company's business is the funding and management of the wider group of companies and is therefore dependent on the financial well-being of the Group for its own financial security. However, the Company's parent undertaking has confirmed it will continue to support the Company for the foreseeable future.

The Group meets its day-to-day working capital requirements through a £155m senior loan facility. The renewal date of this bank loan facility is 17 December 2011. As of the balance sheet date, the senior loan facility was drawn down to £111m.

The Group's latest forecasts and cash flow projections have been reviewed in comparison to the loan facility terms and covenants, and this has not indicated any significant uncertainty over the Group's ability to operate within the requirements of the renewed facility and therefore to continue as a going concern.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Interest

Interest receivable and payable are recognised on an accruals basis.

Income from shares in group undertakings

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

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements (continued) For the year ended 31 October 2009

1. Accounting policies (continued)

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 for sterling 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 any provision for impairment

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any)

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 Group Limited which prepares such a statement

Consolidation

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 as it is a wholly-owned subsidiary of Cabot Financial Holdings Group Limited and its results are included in the consolidated financial statements of Cabot Financial Holdings Group Limited. These financial statements therefore present information about the Company as an individual entity alone

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements (continued) For the year ended 31 October 2009

2. Interest receivable and similar income

	2009 £	2008 £
Interest receivable on cash balances	-	3,982

3. Interest payable and similar charges

	2009 £	2008 £
Interest payable to group companies	155,572	381,465

4 Income from shares in group undertakings

The dividend of £176,472 (2008 £137,931) has been paid by Cabot Services (Europe) SAS, a wholly owned subsidiary of this Company that is incorporated in France

5. Loss on ordinary activities before taxation

	2009 £	2008 £
Loss on ordinary activities is stated after charging		
Foreign exchange losses	(558)	(469)

The auditors' remuneration with respect to the Company's audit fees for the year of £6,000 (2008 £6,000) was borne by the Company's intermediate holding company, Cabot Financial Holdings Group Limited

6 Tax on profit/(loss) on ordinary activities

The tax charge comprises

	2009 £	2008 £
Current tax		
Group relief - current period	-	-
Foreign tax	-	-
Tax on profit/(loss) on ordinary activities	-	-

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements (continued) For the year ended 31 October 2009

6. Tax on profit/(loss) on ordinary activities (continued)

The differences between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2009 £	2008 £
Profit/(Loss) on ordinary activities before taxation	10,184	(213,615)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax at 28% (2008 - 28%)	(2,851)	59,812
Effects of		
Non-utilisation of losses	(17,974)	(83,405)
Expenses not deductible for tax purposes	(3,881)	-
Expense relief for foreign tax	24,706	23,593
Current tax charge for year	-	-

Deferred tax asset has not been recognised in respect of unutilised tax losses as the current expectation is that there will not be sufficient taxable profits from which the losses could be deducted. The potential deferred tax asset currently amounts to £77,786 (2008 £59,812). There are no significant factors, which are anticipated to affect the tax charges shown above.

7. Staff costs

There were no employees of the Company during the year ended 31 October 2009 (2008 none). The Directors received no remuneration in the year (2008 £nil).

8. Fixed asset investments

	2009 £	2008 £
Subsidiary undertakings at 31 October	17,206,890	17,206,890

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements (continued) For the year ended 31 October 2009

8 Fixed asset investments (continued)

The Company has direct 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
Cabot Financial (UK) Limited	27 April 2000	Great Britain	UK consumer debt purchase and recovery	10,000,000	100
Financial Investigations and Recoveries (Europe) 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	2,500	100
Cabot Financial (Ireland) Limited	17 January 2007	Ireland	Irish debt collection	369,114	93
Cabot Spain SL	27 December 2006	Spain	Spanish consumer debt purchase and recovery	3 000	100

The Company has 100% voting rights on shares held in each of the subsidiary undertakings

9. Debtors: amounts falling due within one year

	2009 £	2008 £
Loans to subsidiary undertakings	13,820,992	13,820,992
Amounts due from group undertakings	171,524	-
Other debtors and prepayments	749	694
	<u>13,993,265</u>	<u>13,821,686</u>

10. Creditors: amounts falling due within one year

	2009 £	2008 £
Loans from group companies	24,158,599	24,158,599
Amounts owed to group undertakings	4 531 639	4,382 332
Accruals and other creditors	-	41 070
	<u>28,690,238</u>	<u>28,852,001</u>

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements (continued) For the year ended 31 October 2009

11. Called up share capital

	2009 £	2008 £
Authorised:		
1,000 000 (2008 - 1,000,000) ordinary shares of £1 each	1,000 000	1,000 000
Allotted, called up, and fully paid:		
924,001 (2008 - 924,001) ordinary shares of £1 each	924,001	924,001

12 Profit and loss account

	2009 £	2008 £
At beginning of year	1 575,732	1,789,347
Profit/(loss) for the year	10,184	(213 615)
At end of year	1,585,916	1,575,732

13 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit/(Loss) for the financial year	10,184	(213,615)
Net addition/(reduction) to shareholders' funds	10,184	(213,615)
Opening shareholders funds	2,499,733	2,713,348
Closing shareholders funds	2,509 917	2,499,733

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 2009 were £107,776,326 (2008 - £128,074,527)

Cabot Financial Debt Recovery Services Limited

Notes to the financial statements (continued) For the year ended 31 October 2009

15 Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that group. During the year to 31 October 2009 professional fees of £13,681 (2008 £8,355) were recharged to the Company in respect of its 93% ownership of Cabot Financial Ireland Limited. The Company also held a loan of £2,158,669 (2008 £2,158,669) due from Cabot Financial Ireland Limited throughout the year. The net balance due from Cabot Financial Ireland at the balance sheet date was £2,136,453 (2008 £2,150,314).

16. Ultimate parent company

The Company's immediate parent company is Cabot Financial Holdings Limited. The smallest group of which the Company is a member and for which group financial statements are drawn up is Cabot Financial Holdings Group Limited.

Cabot Financial Holdings Group Limited is wholly owned by Cabot Financial Limited, a company wholly owned by Cabot Financial Group Limited, a company incorporated in Great Britain and registered in England and Wales. The results of the Company are included in the consolidated financial statements of Cabot Financial Group Limited. The largest group in which the Company is consolidated is Citigroup Hold Co Limited. The ultimate controlling party is Citigroup Inc, a company incorporated in the United States and listed on the New York Stock Exchange. Copies of the financial statements are available from Citigroup Inc, 399 Park Avenue, New York, NY 10043.