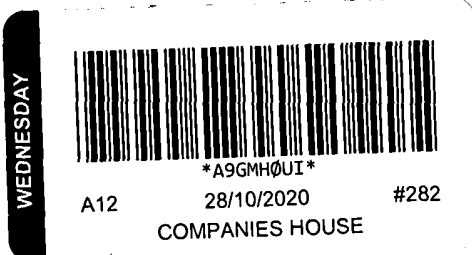


**Company Registration No. 03936134**

**Cabot Financial Debt Recovery Services Limited**

**Annual Report and Financial Statements  
For the year ended 31 December 2019**



# **Cabot Financial Debt Recovery Services Limited**

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# **Cabot Financial Debt Recovery Services Limited**

## **Officers and professional advisors**

The officers and professional advisors of the Company at the date of this report are as follows:

### **Directors**

C Buick  
C Burgess (appointed 23 January 2020)

### **Secretary**

S Whiteley  
L Bassett

### **Auditors**

BDO LLP  
Chartered Accountants and Statutory Auditor  
55 Baker Street  
London  
W1U 7EU

### **Registered office**

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

# **Cabot Financial Debt Recovery Services Limited**

## **Strategic Report For the year ended 31 December 2019**

### **Overview**

The Directors present the Strategic Report, Directors' Report and the financial statements of Cabot Financial Debt Recovery Services Limited (the "Company") for the year ended 31 December 2019.

The Company's core business is that of a holding company and the direct parent undertaking of principal subsidiaries of the Cabot Credit Management Limited Group (the "Group"). The Company's financial position is therefore partly dependent on the financial position of the rest of the Group.

### **Business review and results**

The profit before tax for the year amounts to £1.5 million (2018: loss of £203.6 million)

As the performance of Cabot Financial Debt Recovery Services Limited is linked to the performance of the Group, Key Performance Indicators relating to the Company's trading which are appropriate for an understanding of the development, performance or position of the business can be found in the financial statements of the Group.

### **Principal risks and uncertainties**

The Company is exposed through its operations to the following financial risks:

- Cash flow and credit risk;
- Going concern and liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this section.

### **Principal financial instruments**

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Trade and other payables;

### **Cash flow and credit risk**

The Company is a subsidiary of the Group and therefore its financial risk management objectives and policies are intrinsically linked to those of the Group.

### **Going concern and liquidity risk**

The Company's core business is that of a holding company. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group.

# **Cabot Financial Debt Recovery Services Limited**

## **Strategic Report For the year ended 31 December 2019**

### ***Going concern and liquidity risk (continued)***

The Group has assessed its expected operating performance and liquidity requirements in light of the current Covid-19 pandemic.

At 30 June 2020 the Group has long-term debt financing with total outstanding obligations of £1,397.6 million across Senior Secured notes, an Asset Backed Senior Facility and a Revolving Credit Facility. The earliest maturity across these facilities is September 2023. The Group has owned cash balances of £43.6 million, with an additional undrawn capacity of £211.0 million on the Revolving Credit Facility.

As at 30 June 2020, the Group is compliant with all the covenants contained in the notes issued and the Senior credit facility.

Management have reviewed the Group forecast performance models, covenant projections and funding availability including consideration of appropriate sensitivities and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has seen no material impact as a result of COVID-19. Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

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



C Burgess  
Director  
22 October 2020

# **Cabot Financial Debt Recovery Services Limited**

## **Directors' report For the year ended 31 December 2019**

The Directors present their report for the year ended 31 December 2019.

### **Results and dividends**

The audited financial statements and related notes for the year ended 31 December 2019 are set out on pages 9 to 19. The Company's result for the year after taxation was a profit of £0.9 million (2018: loss of £200.2 million).

The Directors do not recommend payment of a dividend (2018: £nil).

### **Directors**

The Directors who held office during the year and up to the date of approval of the financial statements were as follows:

- C Buick
- K Stannard (resigned 31 December 2019)
- C Burgess (appointed 23 January 2020)

### **Qualifying third party indemnity provisions**

The Company has arranged qualifying third party indemnity for all of its Directors.

### **Political donations**

The Company made no political contributions (2018: £nil).

### **Future developments**

There are no significant future developments affecting the Company anticipated at the date of signing this report.

### **Covid-19 pandemic**

The COVID-19 (coronavirus) outbreak has presented a range of unprecedented and continuously evolving challenges for the Group which are likely to continue for the foreseeable future. Since the outbreak we have activated our corporate crisis response teams worldwide, these teams have focused on local government updates implementing robust plans to help ensure that colleagues are protected and the business can continue to operate business critical systems.

The underlying objective of these Business Continuity Plans (BCP) is to protect colleagues welfare and maintain an appropriate service for customers who may require additional individual support during this unprecedented environment.

This situation was not prevalent in the current year and therefore there is no impact on the 2019 results.

### **Auditors**

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

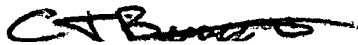
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's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

## **Cabot Financial Debt Recovery Services Limited**

### **Directors' report For the year ended 31 December 2019**

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

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

A handwritten signature in black ink, appearing to read 'C Burgess', with a long horizontal stroke extending to the right.

C Burgess  
Director  
22 October 2020

## **Cabot Financial Debt Recovery Services Limited**

### **Statement of Directors' responsibilities**

### **For the year ended 31 December 2019**

The directors are responsible for preparing the strategic report, the directors' 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 that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) 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 adequate 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditor's report to the members of Cabot Financial Debt Recovery Services Limited**

### **Opinion**

We have audited the financial statements of Cabot Financial Debt Recovery Services Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Independent auditor's report to the members of Cabot Financial Debt Recovery Services Limited**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

### **Other information (continued)**

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report to the members of Cabot Financial Debt Recovery Services Limited**

### **Auditor's responsibilities for the audit of the financial statements**


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of 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 auditor's 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.



Neil Fung-On (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
23 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Cabot Financial Debt Recovery Services Limited

### Statement of comprehensive income For the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Administration expenses		(4.1)	(187.0)
<b>Operating loss</b>		<b>(4.1)</b>	<b>(187.0)</b>
Finance income	4	34.1	10.2
Finance expense	5	(28.5)	(26.8)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<b>1.5</b>	<b>(203.6)</b>
Tax (charge)/credit	6	(0.6)	3.4
<b>Profit/(loss) and total comprehensive income for the financial period</b>		<b>0.9</b>	<b>(200.2)</b>

All of the above results are derived from continuing operations.

# Cabot Financial Debt Recovery Services Limited

## Statement of financial position As at 31 December 2019

	Notes	2019 £m	2018 £m
<b>Fixed assets</b>			
Investments	7	73.5	67.0
		<u>73.5</u>	<u>67.0</u>
<b>Current assets</b>			
Trade and other receivables	8	325.3	240.0
		<u>325.3</u>	<u>240.0</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	9	(127.2)	(120.8)
Borrowings	10	(509.9)	(428.6)
		<u>(637.1)</u>	<u>(554.3)</u>
<b>Net current liabilities</b>		<u>(311.8)</u>	<u>(314.3)</u>
<b>Total assets less current liabilities</b>		<u>(238.3)</u>	<u>(247.3)</u>
<b>Net liabilities</b>		<u>(238.3)</u>	<u>(247.3)</u>
<b>Equity</b>			
Called up share capital	12	-	-
Capital contribution reserve		58.9	58.9
Retained earnings		(305.3)	(306.2)
Share Premium	13	8.1	-
<b>Total shareholders' funds</b>		<u>(238.3)</u>	<u>(247.3)</u>

These financial statements of Cabot Financial Debt Recovery Services Limited, with registered number 03936134, were approved by the Board of Directors and authorised for issue on 22 October 2020.

Signed on behalf of the Board of Directors by:



C Burgess  
Director

**Cabot Financial Debt Recovery Services Limited**

**Statement of changes in equity  
As at 31 December 2019**

	Share Capital £m	Share Premium £m	Capital contribution reserve £m	Accumulated losses £m	Total £m
<b>As at 1 January 2018</b>	-	-	58.9	(117.3)	(58.4)
<i>Comprehensive income for the period:</i>					
Loss for the period	-	-	-	(200.2)	(200.2)
Total comprehensive income	-	-	-	(200.2)	(200.2)
Dividends Received	-	-	-	11.3	11.3
<b>As at 31 December 2018</b>	-	-	58.9	(306.2)	(247.3)
<i>Comprehensive income for the period:</i>					
Profit for the period	-	-	-	0.9	0.9
Total comprehensive income	-	-	-	0.9	0.9
Share Premium	-	8.1	-	-	-
<b>As at 31 December 2019</b>	-	8.1	58.9	(305.3)	(238.3)

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements For the year ended 31 December 2019

### 1. General information

Cabot Financial Debt Recovery Services Limited is a limited company incorporated and domiciled in England and Wales. The registered office is located at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

The principal activity of the company is that of a holding company.

### 2. Basis of preparation and significant accounting policies

#### 2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, except for the revaluation at current value of certain financial assets. These standards have been applied consistently throughout the current and preceding year.

The financial statements are presented in UK pounds sterling (£), which is the company's functional currency.

The Company has taken advantage of the following disclosure requirements under FRS 101:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraph 10(d), 10(f) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraph 8(k) of FRS 101 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

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 as it is a wholly owned indirect subsidiary of Cabot Credit Management Limited and its results are included in the consolidated financial statements of that company. These financial statements therefore present information about the Company as an individual entity alone.

The results of Cabot Financial Debt Recovery Services Limited are included in the consolidated financial statements of Cabot Credit Management Limited which are available from 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

#### 2.2. Going concern

The Company made a profit after tax for the year of £0.9 million (2018: loss of £200.2 million) and had net liabilities of £235.5 million at 31 December 2019 (2018: net liabilities of £247.3 million).

The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group and other Group companies have undertaken to continue to provide such financial support to the Company as it may require.

# **Cabot Financial Debt Recovery Services Limited**

## **Notes to the financial statements For the year ended 31 December 2019**

### **2.2. Going concern (continued)**

The Group has long-term debt financing through Senior Secured Loan notes totalling £851.5 million (2018: £872.4 million). The first tranche of these notes is due for repayment in October 2023. The Group also has Asset Backed Senior Facilities totalling £350.0 million (2018: £350.0 million). These facilities are secured until September 2023. The Group has a revolving credit facility of £375.0 million for funding working capital requirements and portfolio purchases as required. At 31 December 2019 £215.5 million had been drawn on this facility (2018: £233.9 million). This facility is secured until September 2023.

The assets of the Group have been pledged as security for the Senior Secured Loan Notes, Asset Backed Senior Facilities, and the Senior Secured revolving credit facility. In the year to 31 December 2019, the Group has remained compliant with all the covenants contained in the notes issued and the Senior credit facility.

Management have reviewed the forecast performance models, covenant projections and funding availability including consideration of appropriate sensitivities and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

### **2.3. Summary of significant accounting policies**

#### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

#### **Current tax**

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 year end date.

Current tax assets and liabilities are offset only if certain criteria are met.

#### **Finance income and costs**

Finance income and costs are interest receivable from and payable to parent and other Group undertakings.

#### **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 reporting date are translated at the rates of exchange prevailing at that date. Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction.

#### **Investments in subsidiaries**

Investments in subsidiaries are recognised at cost less provision for impairment.



# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements For the year ended 31 December 2019

### 2.3. Summary of significant accounting policies (continued)

#### Financial assets

Trade and other receivables are classified as loans and receivables and are measured at cost less any impairment.

#### Financial liabilities

Financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, they are carried at amortised cost using the effective interest rate method.

#### Borrowings

Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance fees are accounted for in the statement of comprehensive income and are added to the carrying amount of the instrument.

#### Deferred and contingent consideration

Deferred consideration to be transferred by the acquirer is recognised at fair value at the acquisition date, and then held at amortised cost. Contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date and subsequently re-measured at fair value at each reporting period.

#### Dividends Payable

Dividends payable are recognised when they become legally payable, this being on the date of approval by the Board of Directors.

### 3. Profit before tax

Auditor's remuneration of £3,400 (2018: £2,900) has been borne by another Group Company.

### 4. Finance income

	2019 £m	2018 £m
Interest income from parent and other Group undertakings <sup>(a)</sup>	12.8	10.2
Foreign exchange on borrowings	21.3	-
	<u>34.1</u>	<u>10.2</u>

<sup>(a)</sup> Interest receivable from parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances and on loans.

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements For the year ended 31 December 2019

### 5. Finance expense

	2019 £m	2018 £m
Interest expense due to parent and other Group undertakings <sup>(a)</sup>	28.5	22.6
Foreign exchange on borrowings	-	4.2
	<u>28.5</u>	<u>26.8</u>

<sup>(a)</sup> Interest payable to parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4%.

### 6. Tax

The income tax expense comprises:

	2019 £m	2018 £m
<b>Current tax</b>		
Corporation tax	0.6	3.4
<b>Total income tax charge/(credit)</b>	<u>0.6</u>	<u>3.4</u>

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the accounting profit are as follows:

	2019 £m	2018 £m
Profit/(Loss)	<u>1.5</u>	<u>(203.6)</u>
Income tax expense calculated at standard UK hybrid corporation tax rate of 19.00% (2018: 19.00%)	0.3	(38.7)
Effects of:		
Adjustments in respect of prior period	-	(0.3)
Expenses not deductible for tax purposes	0.3	35.5
Other adjustments	-	0.1
<b>Total income tax (credit)/charge</b>	<u>0.6</u>	<u>(3.4)</u>

£1.8 million (2018: £2.7 million) of deferred tax asset has not been recognised on the basis that it is not probable that the company will have taxable profits within the foreseeable future to utilise the historic tax losses.

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements For the year ended 31 December 2019

### 7. Investment in subsidiaries

	£m
<b>At 1 January 2018</b>	<b>258.0</b>
Additions	4.5
Impairment	(195.5)
<b>At 1 January 2019</b>	<b>67.0</b>
Additions	8.1
Impairment	(1.6)
<b>At 31 December 2019</b>	<b>73.5</b>

On 29 April 2019, the Group completed the acquisition of 100% of the ordinary shares of Lucania Gestión S.L. ("Lucania"), a debt servicing business based in Spain, from Grove Europe Sarl a fellow subsidiary of Encore Capital Group Inc. As a result, the contribution associated with this acquisition was passed through the Cabot Credit Management Group, resulting in share premium and equivalent increase to investments being recognised.

The principal subsidiary undertakings of the Company are as follows:

<b>Subsidiary undertakings</b>	<b>Country of incorporation and operation</b>	<b>Principal activity</b>	<b>% shares held</b>
Apex Credit Management Holdings Limited <sup>(1)</sup>	Great Britain	Holding company	100
Apex Credit Management Limited <sup>(1)</sup>	Great Britain	Collection of consumer debt	100
Cabot Financial (Europe) Limited <sup>(1)</sup>	Great Britain	Collection of consumer debt	100
Cabot Financial (Ireland) Limited <sup>(2)</sup>	Ireland	Collection of consumer debt	100
Cabot Financial (Treasury) Ireland Limited <sup>(2)</sup>	Ireland	Provision of financing	100
Cabot Financial (UK) Limited <sup>(1)</sup>	Great Britain	Purchase and recovery of consumer debt	100
Cabot Securitisation Topco Limited <sup>(1)</sup>	Great Britain	Holding Company	100
Cabot Services (Europe) S.A.S. <sup>(3)</sup>	France	Purchase and recovery of consumer debt	100
Cabot Spain SL <sup>(4)</sup>	Spain	Purchase and recovery of consumer debt	100
Financial Investigations And Recoveries (Europe) Limited <sup>(1)</sup>	Great Britain	Dormant	100
Cabot Financial Spain S.A. <sup>(5)</sup>	Spain	Purchase and recovery of consumer debt	100
Heptus 229, GmbH <sup>(8)</sup>	Germany	Active, non-trading	100
Hillesden Securities Limited <sup>(6)</sup>	Great Britain	Purchase and recovery of consumer debt	100
Mortimer Clarke Solicitors Limited <sup>(6)</sup>	Great Britain	Provision of legal services	100
Cabot Financial France <sup>(7)</sup>	France	Servicer of defaulted consumer debt	50.1

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements For the year ended 31 December 2019

Orbit Debt Collections Limited <sup>(1)</sup>	United Kingdom	Collection of consumer debt	100
Wescot Topco Limited <sup>(1)</sup>	Great Britain	Holding company	100

The numbers in parentheses indicate the registered office of the companies per the table below:

- <sup>(1)</sup> 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA
- <sup>(2)</sup> Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24, Ireland
- <sup>(3)</sup> 37 Rue Des Mathurins, 75008 Paris, France
- <sup>(4)</sup> c/o Jones Day – Madrid, Paseo de Recoletos 37-41, 28004 Madrid, Spain
- <sup>(5)</sup> Av. Manoteras nº 46, 2º A , 28050 Madrid, Spain
- <sup>(6)</sup> Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP
- <sup>(7)</sup> Le Colbert, 8 Rue Sainte Barbe, Cs 90457, 13001 Marseille, France
- <sup>(8)</sup> Torstrasse 138, 10119 Berlin

### 8. Trade and other receivables

	2019 £m	2018 £m
Amounts owed by Group undertakings	325.3	238.2
Prepayments and accrued income	-	1.8
	<u>325.3</u>	<u>240.0</u>

Loans and amounts due from parent and other Group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued on an arm's length basis. The Company considers that the carrying amounts of the financial assets included above are a reasonable approximation of their fair value due to their short term nature.

### 9. Trade and other payables

	2019 £m	2018 £m
Amounts owed to Group undertakings	127.2	119.0
Other payables	-	1.8
	<u>127.2</u>	<u>120.8</u>

Interest accrued on amounts owed to parent and other Group undertakings is at an arm's length basis and is accrued, not paid. The Company considers that the carrying amounts of the financial liabilities included above are a reasonable approximation of their fair value due to their short term nature.

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements For the year ended 31 December 2019

### 10. Borrowings

	2019 £m	2018 £m
Loans from parent undertakings	159.0	151.7
Loans from other Group undertakings	350.9	276.9
<b>Total borrowings</b>	<b>509.9</b>	<b>428.6</b>

All loans are repayable within one year and interest is charged at a rate of LIBOR + 4%.

### 11. Share capital

	2019 £	2018 £
Allotted, called up and fully paid:		
1 Ordinary shares of £1.00 each, subscription price of £1.00	1	1

### 12. Ultimate parent Company

The Company's immediate parent company is Cabot Financial Holdings Group Limited, a company incorporated in England and Wales. The smallest group of which the Company is a member and for which group financial statements are drawn up is Cabot Credit Management Limited Group. The Company's ultimate parent company is Encore Capital Group Inc ("Encore"), a company incorporated in Delaware, United States, whose consolidated financial statements are available on their website.

### 13. Share Premium

On 29 April 2019, the Group completed the acquisition of 100% of the ordinary shares of Lucania Gestión S.L. ("Lucania"), a debt servicing business based in Spain, from Grove Europe Sarl a fellow subsidiary of Encore Capital Group Inc. As a result, the contribution associated with this acquisition was passed through the Cabot Credit Management Group, resulting in share premium and equivalent increase to investments being recognised.

### 14. Events after the balance sheet date

The COVID-19 (coronavirus) outbreak has presented a range of unprecedented and continuously evolving challenges for the Group which are likely to continue for the immediate future. This situation was not prevalent during 2019 and therefore the Directors consider the outbreak of COVID-19 to be a non-adjusting post balance sheet event. The Directors have reviewed the ongoing impact of COVID-19 and there has not been a material impact on the trading performance or the Company's assets and liabilities.