

Registration number: 03936134

Cabot Financial Debt Recovery Services Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

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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
Company secretary	S Whiteley L Bassett
Registered office	1 Kings Hill Avenue Kings Hill West Malling Kent ME19 4UA
Auditors	BDO LLP Chartered Accountants and Statutory Auditor 55 Baker Street London W1U 7EU

Cabot Financial Debt Recovery Services Limited

Strategic Report for the year ended 31 December 2020

Overview

The Directors present their Strategic Report, Directors' Report and the financial statements of Cabot Financial Debt Recovery Services Limited (the "Company") for the year ended 31 December 2020.

The Company is a member of the Encore Capital Group Inc. group ("the Group").

Business review and results

The loss before tax for the year amounts to £54.6 million (2019: profit of £1.5 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

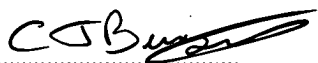
The Company's core business is that of a holding company. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group. The Company has received a letter of support on behalf of the Group.

Cabot Financial Debt Recovery Services Limited

Strategic Report for the year ended 31 December 2020

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



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C Burgess
Director
22 September 2021

Cabot Financial Debt Recovery Services Limited

Directors' Report for the year ended 31 December 2020

The Directors present their report for the year ended 31 December 2020.

Results and dividends

The audited financial statements and related notes for the year ended 31 December 2020 are set out on pages 12 to 19. The Company's result for the year after taxation was a loss of £47.2 million (2019: profit of £0.9 million).

The Directors do not recommend payment of a dividend (2019: £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

C Burgess (appointed 23 January 2020)

Political donations

The Company made no political contributions (2019: £nil).

Future developments

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

COVID-19 pandemic

Throughout 2020 the Group has continuously adapted to the changing environment which resulted from the impact of the COVID-19 (coronavirus) outbreak. As well as evolving working procedures both within our offices and via the adoption of widespread working from home practices, we continue to recognise the impact that this has on our customers and have tailored our approach accordingly.

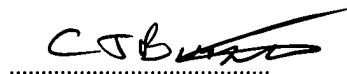
Although the COVID-19 outbreak has demonstrated the Group's ability to withstand significant external disruption whilst maintaining full operational capability, we remain very alert to this ongoing crisis and will continue to monitor and adapt where required to both protect colleagues welfare and maintain service for customers, in particular for those who may require additional support during this very difficult time.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This information 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:



C Burgess

Director

22 September 2021

Cabot Financial Debt Recovery Services Limited

Statement of Directors' Responsibilities

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.

Cabot Financial Debt Recovery Services Limited

Independent Auditor's Report to the Members of Cabot Financial Debt Recovery Services Limited

Opinion on the 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 December 2020 and of its loss 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.

We have audited the financial statements of Cabot Financial Debt Recovery Services Limited ("the Company") for the year ended 31 December 2020, which comprise the Profit and Loss Account, Balance Sheet, 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).

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Cabot Financial Debt Recovery Services Limited

Independent Auditor's Report to the Members of Cabot Financial Debt Recovery Services Limited

Other Companies Act 2006 reporting

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 the Directors' Report.

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.

Responsibilities of Directors

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, 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.

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.

Extent to which the audit was capable of detecting irregularities, including fraud:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have obtained an understanding of the legal and regulatory frameworks applicable to the entity and we have enquired of management to identify how the entity is complying with those frameworks and whether there were any known instances of non-compliance.

We considered the entity's control environment that has been established to prevent, detect and deter fraud. We then assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

Cabot Financial Debt Recovery Services Limited

Independent Auditor's Report to the Members of Cabot Financial Debt Recovery Services Limited

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

DocuSigned by:
BDO LLP
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Leighton Thomas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

22 September 2021

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

Cabot Financial Debt Recovery Services Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ m	2019 £ m
Administration expenses		<u>(19.4)</u>	<u>(4.1)</u>
Operating loss	3	(19.4)	(4.1)
Finance income	4	15.1	34.1
Finance expense	5	<u>(50.3)</u>	<u>(28.5)</u>
(Loss)/profit on ordinary activities before taxation		(54.6)	1.5
Tax credit/(charge)	6	<u>7.4</u>	<u>(0.6)</u>
(Loss)/profit and total comprehensive income for the financial period		<u><u>(47.2)</u></u>	<u><u>0.9</u></u>

All of the above results are derived from continuing operations.

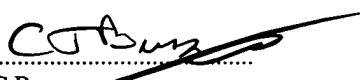
Cabot Financial Debt Recovery Services Limited

(Registration number: 03936134)
Balance Sheet as at 31 December 2020

	Note	2020 £ m	2019 £ m
Fixed assets			
Investments	7	<u>68.3</u>	<u>73.5</u>
		<u>68.3</u>	<u>73.5</u>
Current assets			
Debtors	8	<u>347.3</u>	<u>325.3</u>
		<u>347.3</u>	<u>325.3</u>
Creditors: amounts falling due within one year			
Trade and other payables	9	(135.0)	(127.2)
Borrowings	10	<u>(566.1)</u>	<u>(509.9)</u>
		<u>(701.1)</u>	<u>(637.1)</u>
Net current liabilities		<u>(353.8)</u>	<u>(311.8)</u>
Net liabilities		<u>(285.5)</u>	<u>(238.3)</u>
Equity			
Share premium reserve		8.1	8.1
Capital redemption reserve		58.9	58.9
Profit and loss account		<u>(352.5)</u>	<u>(305.3)</u>
Total shareholders' funds		<u>(285.5)</u>	<u>(238.3)</u>

These financial statements of Cabot Financial Debt Recovery Services Limited were approved by the Board of Directors and authorised for issue on 22 September 2021.

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 2020

	Share premium £ m	Capital contribution reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2019	-	58.9	(306.2)	(247.3)
Profit for the year	-	-	0.9	0.9
Total comprehensive income	-	-	0.9	0.9
Share Premium	8.1	-	-	8.1
At 31 December 2019	8.1	58.9	(305.3)	(238.3)
	Share premium £ m	Capital contribution reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2020	8.1	58.9	(305.3)	(238.3)
Loss for the year	-	-	(47.2)	(47.2)
Total comprehensive income	-	-	(47.2)	(47.2)
At 31 December 2020	8.1	58.9	(352.5)	(285.5)

Cabot Financial Debt Recovery Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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

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

Going concern

The Company made a loss after tax for the year of £47.2 million (2019: profit of £0.9 million) and had net liabilities of £285.5 million at 31 December 2020 (2019: net liabilities of £238.3 million).

The Company's financial position is therefore 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.

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.

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, 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.

Cabot Financial Debt Recovery Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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 as 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 £3,200 (2019: £3,400) has been borne by another Group Company.

4 Finance income

	2020	2019
	£ m	£ m
Interest income from parent and other group undertakings	15.1	12.8
Foreign exchange on borrowings	-	21.3
	<u>15.1</u>	<u>34.1</u>

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 2020

5 Finance expense

	2020 £ m	2019 £ m
Interest expense due to parent and other group undertakings	31.2	28.5
Foreign exchange on borrowings	19.1	-
	<u>50.3</u>	<u>28.5</u>

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:

	2020 £ m	2019 £ m
Current taxation		
Corporation tax	(6.9)	0.6
Corporation tax adjustment to prior periods	(0.5)	-
	<u>(7.4)</u>	<u>0.6</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:

	2020 £ m	2019 £ m
(Loss)/profit	<u>(54.6)</u>	<u>1.5</u>
Income tax expense calculated at standard UK hybrid corporation tax rate of 19%	(10.4)	0.3
Decrease in current tax from adjustment for prior periods	(0.5)	-
Increase from effect of revenues exempt from taxation	(0.2)	-
Increase from effect of expenses not deductible in determining taxable profit	3.7	0.3
Total tax (credit)/charge	<u>(7.4)</u>	<u>0.6</u>

The Finance Act 2017, which reduced the main rate of UK corporation tax to 19% effective from 1 April 2018 and to 17% effective from 1 April 2020, was enacted on 6 September 2017. As this change in rate was substantively enacted prior to 31 December 2019 it has been reflected in the deferred tax assets and liabilities at 31 December 2019.

£2.1 million (2019: £1.8 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 2020

7 Investments in subsidiaries

Subsidiaries	£ m
Cost or valuation	
At 1 January 2020	73.5
Impairment	(8.1)
Additions	<u>2.9</u>
At 31 December 2020	<u>68.3</u>

On 29 April 2019, the Group completed the acquisition of 100% of the ordinary shares of Lucania Gestion 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. As at 31 December 2020, the Company impaired it's investment in Lucania Gestion S.L. by £8.1m to £nil.

On 6 August 2020, the Group completed the acquisition of a further 24.95% of the ordinary shares of Cabot Financial France, of which the Group already owned a majority shareholding of 50.1%. As a result of this transaction an initial payment of €0.8 million was made, with a further €2.3 million due contingent to the performance of Cabot Financial France. This final payment is expected to be made in October 2021.

Cabot Financial Debt Recovery Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2020
Apex Credit Management Holdings Limited	Holding company	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%
Apex Credit Management Limited	Collection of consumer debt	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%
Cabot Financial (Europe) Limited	Collection of consumer debt	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%
Cabot Financial (Ireland) Limited	Collection of consumer debt	Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24 Ireland	100%
Cabot Financial (Treasury) Ireland	Provision of financing	Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24 Ireland	100%
Cabot Financial (UK) Limited	Purchase and recovery of consumer debt	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%
Cabot Securitisation Topco Limited	Holding company	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%
Cabot Services (Europe) S.A.S	Purchase and recovery of consumer debt	37 Rue Des Mathurins, 75008 Paris France	100%
Cabot Spain SL	Purchase and recovery of consumer debt	c/o Jones Day - Madrid, Paseo de Recoletos 37-41, 28004 Madrid Spain	100%

Cabot Financial Debt Recovery Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2020
Financial Investigations and Recoveries (Europe) Limited	Dormant	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%
Cabot Financial Spain S.A.	Purchase and recovery of consumer debt	Av. Manoteras no 46, 2A, 28050 Madrid Spain	100%
Heptus 229, GmbH	Active, non-trading	Torstrasse 138, 10119 Berlin Germany	100%
Hillesden Securities Limited	Purchase and recovery of consumer debt	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP Great Britain	100%
Mortimer Clarke Solicitors Limited	Provision of legal services	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP Great Britain	100%
Cabot Financial France	Servicer of defaulted consumer debt	Le Colbert, 8 Rue Sainte Barbe, Cs 90457, 13001 Marseille France	75.05%
Orbit Debt Collections Limited	Collection of consumer debt	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%
Wescot Topco Limited	Holding company	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%

8 Trade and other debtors

	2020	2019
	£ m	£ m
Amounts owed by Group undertakings	<u>347.3</u>	<u>325.3</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.

Cabot Financial Debt Recovery Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

9 Trade and other creditors

	2020 £ m	2019 £ m
Amounts owed to Group undertakings	132.8	127.2
Other payables	2.2	-
	<u>135.0</u>	<u>127.2</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.

10 Borrowings

	2020 £ m	2019 £ m
Current loans and borrowings		
Loans from parent undertakings	165.5	159.0
Loans from other Group undertakings	400.6	350.9
	<u>566.1</u>	<u>509.9</u>

Loans and amounts due to other Group undertakings are unsecured, have no fixed repayment date and are repayable on demand. Interest is charged at a rate of LIBOR + 4%.

Included within the borrowings total is €436m (2019: €415m), the remaining balance is in GBP.

11 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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 and largest group of which the Company is a member and for which group financial statements are drawn up is Encore Capital Group Inc. 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.

Cabot Financial Debt Recovery Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Events after the balance sheet date

On 21 June 2021, the Group completed the acquisition of a further 24.95% of the ordinary shares of Cabot Financial France, of which the Group already owned a majority shareholding of 75.05%, at a cost of €2.3 million. A further €2.5 million is contingent on terms within the Share Purchase Agreement. As at the date of signing the contingent consideration held within these financial statements has not been settled. The Group now owns 100% of Cabot Financial France.