

Registration number: 04071551

Cabot Financial Holdings Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2022



Cabot Financial Holdings Group Limited

Contents

Officers and professional advisors	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 8
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 15

Cabot Financial Holdings Group Limited

Officers and professional advisors

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

Directors T Hernanz

J Yung

Company secretary S Whiteley

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 Holdings Group Limited

Strategic Report for the year ended 31 December 2022

Overview

The Directors present their Strategic Report, Directors' Report and the financial statements of Cabot Financial Holdings Group Limited (the "Company") for the year ended 31 December 2022.

The Company's principal activity is that of a holding company within the Encore Capital Group Inc group (the "Group").

Business review and results

The result before tax for the year amounts to £0.0 million (2021: £0.0 million).

As the performance of Cabot Financial Holdings Group 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 Encore Capital Group Inc.

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 debtors;
- Trade and other creditors; and
- Borrowings.

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.

Cabot Financial Holdings Group Limited

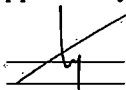
Strategic Report for the year ended 31 December 2022

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.

Management have reviewed the Group forecast performance models and funding availability and have a reasonable expectation that the Company has 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.

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

A handwritten signature in black ink, appearing to be 'T Hernanz', is written over a set of three horizontal lines.

.....
T Hernanz
Director
22 September 2023

Cabot Financial Holdings Group Limited

Directors' Report for the year ended 31 December 2022

The Directors present their report for the year ended 31 December 2022.

Results and dividends

The audited financial statements and related notes for the year ended 31 December 2022 are set out on pages 12 to 15. The Company's result for the year after taxation was a profit of £0.0 million (2021: £0.0 million).

The Directors do not recommend payment of a dividend (2021: £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 (resigned 23 June 2023)

C Burgess (resigned 27 January 2023)

T Hernanz (appointed 27 January 2023)

J Yung (appointed 23 June 2023)

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

Political donations

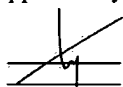
The Company made no political contributions (2021: £nil).

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:



.....
T Hernanz

Director

22 September 2023

Cabot Financial Holdings Group 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABOT FINANCIAL HOLDINGS GROUP 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 2022 and of its result 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 Holdings Group Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 Strategic report and Directors' 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.

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

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 or the Directors' 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
- 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 obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those relating to the reporting framework, Companies Act 2006, data privacy and the relevant tax regulations including but not limited to, Corporate and VAT legislation, and Employment Taxes.
- We assessed how the Company is complying with legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We also reviewed the tax computations and returns and financial statements disclosures against the requirements of the relevant tax legislation and applicable accounting frameworks respectively.
- We communicated relevant legal and regulatory frameworks and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Our audit planning identified a fraud risk in relation to management override. We considered the processes that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how management monitors such processes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was a susceptibility to fraud.
- In response to the risk of management override of control, our procedures included journal entry testing, with a focus on unusual transactions based on our knowledge of the business which were agreed to supporting documentation where applicable; and enquiries with Management and those charged with governance regarding any instances of known or suspected fraud during the year. We challenged management's assessments, assumptions and evaluated data used as the basis for making estimates to assess whether judgements made in making accounting estimates are indicative of potential bias by management.


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 is available 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.

DocuSigned by:

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Leighton Thomas (Senior Statutory Auditor)
 For and on behalf of BDO LLP, Statutory Auditor
 London, UK
 22 September 2023

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

Cabot Financial Holdings Group Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ m	2021 £ m
Finance income	4	9.0	6.7
Finance expense	5	<u>(9.0)</u>	<u>(6.7)</u>
Profit/(loss) on ordinary activities before taxation		<u>-</u>	<u>-</u>
Profit/(loss) and total comprehensive income for the financial period		<u>-</u>	<u>-</u>

All of the above results are derived from continuing operations.

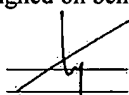
Cabot Financial Holdings Group Limited

(Registration number: 04071551)
Balance Sheet as at 31 December 2022

	Note	2022 £ m	2021 £ m
Fixed assets			
Investments	6	<u>67.7</u>	<u>9.0</u>
		<u>67.7</u>	<u>9.0</u>
Current assets			
Debtors	7	<u>181.2</u>	<u>172.2</u>
		<u>181.2</u>	<u>172.2</u>
Creditors: Amounts falling due within one year			
Trade and other payables	8	(0.1)	(0.1)
Borrowings	9	<u>(181.2)</u>	<u>(172.2)</u>
		<u>(181.3)</u>	<u>(172.3)</u>
Net current liabilities		<u>(0.1)</u>	<u>(0.1)</u>
Net assets		<u>67.6</u>	<u>8.9</u>
Equity			
Share premium reserve		8.1	8.1
Capital contribution reserve		90.7	32.0
Profit and loss account		<u>(31.2)</u>	<u>(31.2)</u>
Total shareholders' funds		<u>67.6</u>	<u>8.9</u>

These financial statements of Cabot Financial Holdings Group Limited were approved by the Board of Directors and authorised for issue on 22 September 2023.

Signed on behalf of the Board of Directors by:



.....
T Hernanz
Director

Cabot Financial Holdings Group Limited

Statement of Changes in Equity as at 31 December 2022

	Share premium £ m	Capital contribution reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2021	8.1	32.0	(31.2)	8.9
At 31 December 2021	8.1	32.0	(31.2)	8.9
	Share premium £ m	Capital contribution reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2022	-	32.0	(31.2)	0.8
Share Premium	8.1	-	-	8.1
Other capital redemption reserve movements	-	58.7	-	58.7
At 31 December 2022	8.1	90.7	(31.2)	67.6

Cabot Financial Holdings Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

Cabot Financial Holdings Group Limited is a private company limited by shares 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 in the Encore Capital Group Inc group (the "Group"). The Company's financial position is therefore dependent on the financial condition of the rest of the Group.

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

These financial statements therefore present information about the Company as an individual entity alone.

Going concern

The Company's core business is that of a holding company and the funding of other companies within the Group. The Company's financial position is therefore dependent on the financial condition of the rest of the Group.

The Company's financial position is therefore partly dependent on the financial condition of the Group and the Parent has undertaken to provide such financial support to the Company as it may require. If required financial support is available from the ultimate parent company Encore Capital Group Inc.

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 Holdings Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Finance income and costs

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

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.

3 Profit before tax

Auditor's remuneration of £2,000 (2021: £1,600) has been borne by another Group Company.

4 Finance income

	2022 £ m	2021 £ m
Interest income from parent and other group undertakings	<u>9.0</u>	<u>6.7</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.

5 Finance expense

	2022 £ m	2021 £ m
Interest expense due to parent and other group undertakings	<u>9.0</u>	<u>6.7</u>

Interest payable to parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances and loans.

6 Investments in subsidiaries

Subsidiaries	£ m
Cost or valuation	
At 1 January 2022	9.0
Additions	<u>58.7</u>
At 31 December 2022	<u>67.7</u>

Cabot Financial Holdings Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

On 30 December 2022, the Company was contributed £58.7m from its parent company as a result of a Group wide reorganisation. The Company then contributed the same amount to its immediate subsidiary, increasing the investment held by £58.7m.

The principal subsidiary undertaking of the Company are as follows:

Name of subsidiary	Principal activity	Registered office	% share held
Cabot Financial Debt Recovery Services Limited	Holding Company	1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA Great Britain	100%

7 Trade and other debtors

	2022	2021
	£ m	£ m
Amounts owed by Group undertakings	<u>181.2</u>	<u>172.2</u>

Loans due from parent 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.

8 Trade and other creditors

	2022	2021
	£ m	£ m
Amounts owed to Group undertakings	<u>0.1</u>	<u>0.1</u>

9 Borrowings

	2022	2021
	£ m	£ m
Current		
Loans from parent undertakings	<u>181.2</u>	<u>172.2</u>

Cabot Financial Holdings Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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%.

Interest accrued on amounts owed to parent and other Group undertakings is on 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 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11 Ultimate parent Company

The Company's immediate parent company is Cabot Credit Management 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.