

# **Aktiv Kapital (UK) Limited**

## **Report and Financial Statements**

31 December 2010

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COMPANIES HOUSE

# Aktiv Kapital (UK) Limited

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Registered No 04267803

## **Directors**

E B Oyno  
S B Danielsen  
T Patel

## **Secretary**

SP Legal Secretaries Limited

## **Auditors**

Ernst & Young LLP  
100 Barbirolli Square  
Manchester  
M2 3EY

## **Registered office**

Wells House  
15-17 Elmfield Road  
Bromley  
Kent  
BR1 1LT

## **Directors' report**

The directors present their report and financial statements for the year ended 31 December 2010

### **Principal activities and review of the business**

The principal activity of the company is the provision of debt collection services

The loss for the year, after taxation, amounted to £122,000 (2009 profit £421,000) No dividends were paid or declared during the year

The principal key performance indicator on which the directors monitor the progress of the business is the level of income. Income decreased by 19% from £16,656,000 to £13,557,000 as a result of decreased business activities

### **Future Developments**

The directors have a continuous focus on process changing, enhanced efficiency and synergies across the business. We are driving the business model forward and utilise the technologies available. The aim is on right sizing the organisation to find the optimal balance for operating within the current economic climate

### **Treasury policies**

The company does not have a formal treasury team. This function is performed by local management and the parent company

The company finances its activities through hire purchase contracts, cash and balances due to group undertakings. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities

The company does not enter into interest rate swaps or forward currency contracts. The company does not trade in financial instruments

### **Foreign currency risk**

The company has no operations outside of the UK nor does it buy and sell goods and services denominated in currencies other than Sterling. As a result the company is not exposed to foreign currency risk

### **Interest rate risk**

The company does not have any external debt. Borrowings from group undertakings do not bear interest

### **Credit risk**

The company does not enter into transactions on deferred terms. In agreeing annual budgets, the company sets targets for debtors' days and doubtful debts expense against which performance is monitored

### **Liquidity risk**

The company mitigates liquidity risk by managing cash generation by its operations, applying cash collection targets and setting authorisation limits for investment

The company funding strategy is not to rely on external finance, but to rely on group funding

## Directors' report (continued)

### Legislative risk

The services and products that Aktiv Kapital offers in its respective geographical markets are subject to strict local laws and regulations, including requirements for lending, ownership and debt collection licenses, as well as legislation concerning personal data protection. Any legislative changes concerning consumer credit may affect the company's earnings, market position and range of products and services.

### Competitive risk

In 2007, the Aktiv Kapital Group created a data warehouse containing collection history from all countries where we are present. This vast information database enables Aktiv Kapital to more efficiently determine the correct price of a portfolio and also determine more efficient collection strategies towards individual debtors. The Board of Directors believes that investing in this tool enables the company to become more competitive when purchasing portfolios and also become more efficient in collection, two factors which are important to the company's financial results.

### Directors

The directors who served the company during the year were as follows:

E B Oyno  
S B Danielsen  
T Patel

### Communication with Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all steps that he or she ought to have done as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

A resolution proposing that the current auditors, Ernst & Young LLP be re-appointed will be put to the Annual General Meeting.

On behalf of the board



Director  
T Patel

Date: 23 March 2011

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing 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). 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 auditors' report**

### **to the members of Aktiv Kapital (UK) Limited**

We have audited the financial statements of Aktiv Kapital (UK) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

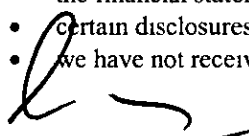
#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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

  
Gary Harding (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Manchester

Date 29 March 2011

## Profit and loss account

for the year ended 31 December 2010

|   | Notes | 2010<br>£000 | 2009<br>£000 |
|---|-------|--------------|--------------|
| <b>Turnover – continuing operations</b>                     | 2     | 13,557       | 16,656       |
| Administrative expenses                                     |       | 13,715       | 16,091       |
| <b>Operating (loss)/profit</b>                              | 3     | (158)        | 565          |
| Interest payable  | 5     | (3)          | (5)          |
| Interest receivable   | 6     | 5            | 13           |
| <b>(Loss)/profit on ordinary activities before taxation</b> |       | (156)        | 573          |
| Tax on (loss)/profit on ordinary activities                 | 7     | 34           | (152)        |
| <b>(Loss)/profit for the financial year</b>                 |       | (122)        | 421          |

## Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £122,000 attributable to the shareholders for the year ended 31 December 2010 (2009 profit of £421,000)

# Balance sheet

at 31 December 2010

|   | Notes | 2010<br>£000 | 2009<br>£000 |
|---|-------|--------------|--------------|
| <b>Fixed assets</b>   |       |              |              |
| Intangible assets   | 8     | -            | -            |
| Tangible assets   | 9     | 236          | 525          |
|   |       | <u>236</u>   | <u>525</u>   |
| <b>Current assets</b>   |       |              |              |
| Debtors   | 10    | 2,534        | 1,742        |
| Cash at bank  |       | 2,134        | 3,250        |
|   |       | <u>4,668</u> | <u>4,992</u> |
| <b>Creditors</b> amounts falling due within one year          | 11    | 2,978        | 3,454        |
|   |       | <u>1,690</u> | <u>1,538</u> |
| <b>Net current assets</b>                                     |       |              |              |
|   |       | <u>1,926</u> | <u>2,063</u> |
| <b>Total assets less current liabilities</b>                  |       |              |              |
|   |       | <u>1,914</u> | <u>2,036</u> |
| <b>Creditors</b> amounts falling due after more than one year | 12    | 12           | 27           |
|   |       | <u>1,914</u> | <u>2,036</u> |
| <b>Capital and reserves</b>                                   |       |              |              |
| Called up share capital                                       | 16    | 400          | 400          |
| Profit and loss account                                       | 17    | 1,514        | 1,636        |
|   |       | <u>1,914</u> | <u>2,036</u> |
| <b>Equity shareholders' funds</b>                             | 17    |              |              |

The accounts were approved and authorised for issue by the board of directors on 23 March 2011 and were signed on its behalf by



Director  
T Patel



## Notes to the financial statements

at 31 December 2010

### 1. Accounting policies

#### *Basis of preparation*

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

#### *Cash flow statement*

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### *Goodwill*

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years

#### *Fixed assets*

Tangible fixed assets are stated at cost less depreciation

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows

|                     |   |         |
|---------------------|---|---------|
| Fixtures & fittings | - | 5 years |
| Equipment           | - | 5 years |
| Computer equipment  | - | 3 years |

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### *Leased assets*

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on the sum of digits basis. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

#### *Pension costs*

The company operates a defined contribution pension scheme. The pension costs charged in the financial statement represent the contributions payable by the company during the period in accordance with the rules of the scheme

# Notes to the financial statements

at 31 December 2010

## 2. Turnover

Turnover relates solely to the continuing activities of the company in the United Kingdom. Turnover represents amounts receivable for services net of VAT and trade discounts.

## 3. Operating (loss)/profit

This is stated after charging

|   | 2010<br>£000 | 2009<br>£000 |
|---|--------------|--------------|
| Auditors' remuneration - audit services                   | 8            | 9            |
| - taxation services                                       | 6            | 7            |
| - other services  | 8            | 22           |
|   | <u>22</u>    | <u>38</u>    |
| Depreciation of owned fixed assets                        | 334          | 415          |
| Depreciation of assets held under hire purchase contracts | 12           | 13           |
|   | <u>346</u>   | <u>428</u>   |
| Loss on disposal of fixed assets                          | -            | 6            |
| Operating lease rentals - land and buildings              | 472          | 508          |
| - other   | 104          | 104          |
|   | <u>576</u>   | <u>612</u>   |
| Foreign exchange gain                                     | <u>(2)</u>   | <u>(9)</u>   |

## 4. Staff costs

|                               | 2010<br>£000 | 2009<br>£000 |
|-------------------------------|--------------|--------------|
| Wages and salaries            | 4,409        | 5,636        |
| Social security costs         | 461          | 567          |
| Other pension costs (note 14) | 36           | 39           |
|                               | <u>4,906</u> | <u>6,242</u> |

The monthly average number of employees during the year was as follows

|                 | 2010<br>No | 2009<br>No |
|-----------------|------------|------------|
| Directors       | 3          | 3          |
| Other employees | 143        | 225        |
|                 | <u>146</u> | <u>228</u> |

No emoluments were paid to the directors during the year or the prior year.

# Notes to the financial statements

at 31 December 2010

## 5 Interest payable

|                                     | 2010<br>£000 | 2009<br>£000 |
|-------------------------------------|--------------|--------------|
| Interest on hire purchase contracts | 3            | 4            |
| Other interest                      | -            | 1            |
|                                     | <u>3</u>     | <u>5</u>     |

## 6. Interest receivable

|                       | 2010<br>£000 | 2009<br>£000 |
|-----------------------|--------------|--------------|
| Bank deposit interest | 5            | 12           |
| Other interest        | -            | 1            |
|                       | <u>5</u>     | <u>13</u>    |

## 7. Tax

(a) Tax on (loss)/profit on ordinary activities  
The tax (credit)/charge is made up as follows

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| <i>Current tax</i>                             |              |              |
| UK corporation tax                             | (48)         | 166          |
| Adjustments in respect of prior periods        | 23           | 22           |
| Group relief                                   | -            | 2            |
| Total current tax (note 7(b))                  | <u>(25)</u>  | <u>190</u>   |
| <i>Deferred tax</i>                            |              |              |
| Origination and reversal of timing differences | <u>(9)</u>   | <u>(38)</u>  |
| Tax on (loss)/profit on ordinary activities    | <u>(34)</u>  | <u>152</u>   |

# Notes to the financial statements

at 31 December 2010

## 7 Tax (continued)

### (b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is different to the standard rate of tax in the UK. The differences are reconciled below

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| (Loss)/profit on ordinary activities before taxation   | (156)        | 573          |
| (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 28%) | (44)         | 161          |
| Effect of  |              |              |
| Non deductible expenses  | 3            | 4            |
| Depreciation in excess of capital allowances   | 17           | 29           |
| Other timing differences   | (24)         | (26)         |
| Adjustments in respect of prior periods  | 23           | 22           |
| Total current tax (note 7(a))  | (25)         | 190          |

### (c) Factors affecting future tax charges

At 31 December 2010 the company had a recognised deferred tax asset of £173,000 (2009 £164,000)

The company has recognised the asset as it anticipates making suitable taxable profits in the future, against which the reversal of the asset may be deducted

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| Capital allowances in advance of depreciation            | 173          | 164          |
| Asset for deferred taxation (note 10)                    | 173          | 164          |
| Deferred tax asset at the start of the year              | 164          | 126          |
| Profit and loss account movement arising during the year | 9            | 38           |
| Deferred tax asset at the end of the year                | 173          | 164          |

## 8. Intangible fixed assets

|  | Goodwill<br>£000 |
|--|------------------|
| Cost                                   |                  |
| At 1 January 2010 and 31 December 2010 | 440              |
| Amortisation                           |                  |
| At 1 January 2010 and 31 December 2010 | 440              |
| Net book value                         |                  |
| At 31 December 2010 and 1 January 2010 | -                |

# Notes to the financial statements

at 31 December 2010

## 9. Tangible fixed assets

|                          | <i>Fixtures &amp;<br/>fittings<br/>£000</i> | <i>Equipment<br/>£000</i> | <i>Computer<br/>equipment<br/>£000</i> | <i>Total<br/>£000</i> |
|--------------------------|---|---------------------------|--|-----------------------|
| Cost                     |   |                           |  |                       |
| At 1 January 2010        | 175   | 311                       | 1,297                                  | 1,783                 |
| Additions                | -   | -                         | 57                                     | 57                    |
| Disposals                | -   | -                         | (446)                                  | (446)                 |
| At 31 December 2010      | <u>175</u>                                  | <u>311</u>                | <u>908</u>                             | <u>1,394</u>          |
| Depreciation             |   |                           |  |                       |
| At 1 January 2010        | 76  | 255                       | 927                                    | 1,258                 |
| Provided during the year | 32  | 23                        | 291                                    | 346                   |
| Disposals                | -   | -                         | (446)                                  | (446)                 |
| At 31 December 2010      | <u>108</u>                                  | <u>278</u>                | <u>772</u>                             | <u>1,158</u>          |
| Net book value           |   |                           |  |                       |
| At 31 December 2010      | <u>67</u>                                   | <u>33</u>                 | <u>136</u>                             | <u>236</u>            |
| At 1 January 2010        | <u>99</u>                                   | <u>56</u>                 | <u>370</u>                             | <u>525</u>            |

Included in fixed assets are assets held under hire purchase contracts with a net book value of £16,000 (2009 £29,000)

## 10. Debtors

|                                    | <i>2010<br/>£000</i> | <i>2009<br/>£000</i> |
|------------------------------------|----------------------|----------------------|
| Amounts owed by group undertakings | 19                   | 50                   |
| VAT recoverable                    | 1,785                | 1,023                |
| Prepayments and accrued income     | 557                  | 505                  |
| Deferred tax asset (note 7)        | 173                  | 164                  |
|                                    | <u>2,534</u>         | <u>1,742</u>         |

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

|   | <i>2010<br/>£000</i> | <i>2009<br/>£000</i> |
|---|----------------------|----------------------|
| Amounts owed to group undertakings                  | 1,623                | 2,144                |
| Obligations under hire purchase contracts (note 13) | 14                   | 12                   |
| Trade creditors                                     | 206                  | 247                  |
| Other taxation and social security                  | 122                  | 148                  |
| Accruals and deferred income                        | 1,013                | 903                  |
|   | <u>2,978</u>         | <u>3,454</u>         |

Aktiv Kapital ASA has provided security for loan facilities as part of its banking arrangements. Aktiv Kapital (UK) Limited has therefore entered into a debenture charging all the assets and undertaking of the company as security in favour of the parent company's bank in Norway.

# Notes to the financial statements

at 31 December 2010

## 12. Creditors: amounts falling due after more than one year

|   | 2010<br>£000 | 2009<br>£000 |
|---|--------------|--------------|
| Obligations under hire purchase contracts (note 13) | 12           | 27           |
|   | <u>12</u>    | <u>27</u>    |

## 13. Obligations under hire purchase contracts

The maturity of these amounts is as follows

|                                | 2010<br>£000 | 2009<br>£000 |
|--------------------------------|--------------|--------------|
| Amounts payable                |              |              |
| Within one year (note 11)      | 14           | 12           |
| In one to five years (note 12) | 12           | 27           |
|                                | <u>26</u>    | <u>39</u>    |

## 14. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge of £36,000 (2009: £39,000) represents contributions payable by the company to the fund.

## 15. Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below:

|                               | 2010                          |               | 2009                          |               |
|-------------------------------|-------------------------------|---------------|-------------------------------|---------------|
|                               | Land and<br>buildings<br>£000 | Other<br>£000 | Land and<br>buildings<br>£000 | Other<br>£000 |
| Operating leases which expire |                               |               |                               |               |
| Within one year               | -                             | -             | -                             | 6             |
| In two to five years          | 356                           | 102           | 271                           | 88            |
| In over five years            | 288                           | -             | 288                           | -             |
|                               | <u>644</u>                    | <u>102</u>    | <u>559</u>                    | <u>94</u>     |

## Notes to the financial statements

at 31 December 2010

### 16. Share capital

|                            |  | 2010<br>£000 | Authorised<br>2009<br>£000 |
|----------------------------|--|--------------|----------------------------|
| Ordinary shares of £1 each |  | 500          | 500                        |

|                            | No      | Allotted, called up and fully paid<br>2010<br>£000 | No      | 2009<br>£000 |
|----------------------------|---------|--|---------|--------------|
| Ordinary shares of £1 each | 400,000 | 400  | 400,000 | 400          |

### 17. Reconciliation of shareholders' funds and movement on reserves

|                     | Share capital<br>£000 | Profit and loss<br>account<br>£000 | Total<br>shareholders'<br>funds<br>£000 |
|---------------------|-----------------------|------------------------------------|---|
| At 1 January 2009   | 400                   | 1,215                              | 1,615                                   |
| Profit for the year | -                     | 421                                | 421                                     |
| At 31 December 2009 | 400                   | 1,636                              | 2,036                                   |
| Profit for the year | -                     | (122)                              | (122)                                   |
| At 31 December 2010 | 400                   | 1,514                              | 1,914                                   |

### 18. Contingent liabilities

The company has entered into a debenture charging all the assets and undertaking of the company as security for loan facilities in favour of the parent company's bank in Norway

HM Revenue and Customs ('HMRC') are currently enquiring into the VAT position of the company. In connection with this enquiry HMRC have withheld the VAT repayments due to the company (note 10) until the enquiry is settled. The directors are confident that these repayments will be made and accordingly no provision has been made in these financial statements. The directors are of the opinion that further disclosure regarding the HMRC enquiries will not be in the best interest of the company.

### 19. Related party transactions

The company has taken advantage of the exemption in FRS8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

### 20. Ultimate parent company

The company is a wholly owned subsidiary of Aktiv Kapital ASA, a company incorporated in Norway. Copies of its group accounts, which include the company, are available from Christian Kroghs Gate 16, 0186 Oslo, Norway.