

**Company No. 05069357**

## **LOWELL HOLDINGS LTD**

**Report and Financial Statements**

**Year ended 31 December 2018**



**LOWELL HOLDINGS LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
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**LOWELL HOLDINGS LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

J J Cornell (resigned 2 April 2019)  
G J Edwards (resigned 28 March 2018)  
J P Flaherty  
S L Leckenby (resigned 28 March 2018)  
M G Lynn-Jones (resigned 28 March 2018)  
J S Pears (appointed 2 April 2019)  
C G Storrar (resigned 28 March 2018)  
C Trepel (resigned 28 March 2018)

**Company secretary**

B Flynn

**Registered office**

Ellington House  
9 Savannah Way  
Leeds Valley Park West  
Leeds  
LS10 1AB

**Banker**

The Royal Bank of Scotland plc  
280 Bishopsgate  
London  
EC2M 4RB

**Solicitor**

DAC Beachcroft LLP  
100 Fetter Lane  
London  
EC4A 1BN

**Pinsent Masons LLP**

30 Crown Place  
Earl Street  
London  
EC2A 4ES

**Auditor**

KPMG LLP  
Chartered Accountants & Statutory Auditors  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

**LOWELL HOLDINGS LTD**  
**DIRECTORS' REPORT**  
**Year ended 31 December 2018**

The directors present their report and the audited financial statements of Lowell Holdings Ltd ("the Company") for the year ended 31 December 2018. The Company is a subsidiary undertaking of Metis Bidco Limited which prepares consolidated financial statements to include all its subsidiaries in the UK (together defined as the "Group").

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of a non-trading holding company.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the year (year ended 31 December 2017: £nil).

**DIRECTORS**

The directors who held office during the year and up to the date of signing the financial statements are shown on page 1.

**SMALL COMPANIES PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

**DISCLOSURE OF INFORMATION TO THE COMPANY'S AUDITOR**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**AUDITOR**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



J P Flaherty  
Director

4 April 2019

**LOWELL HOLDINGS LTD**  
**STRATEGIC REPORT**  
**Year ended 31 December 2018**

**OBJECTIVES AND STRATEGY**

The Company is a holding company and therefore the strategy is considered on a group level; details are included in the consolidated financial statements of Metis Bidco Limited.

**THE BUSINESS MODEL**

The Company's business model remains unchanged from the prior year – to act as a holding company for group investments.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk to the Company is non-recovery of intercompany debt. The Company manages these and other risks on a group basis. Documentation of the risk management procedures is included in the consolidated financial statements of Metis Bidco Limited, given they are applied on a group basis.

**FINANCIAL PERFORMANCE**

The Company did not trade during the year and so its profit before tax for the year was £nil (year ended 31 December 2017: £nil).

The directors consider the Company to be a going concern; further details are included in Note 1.

**KEY PERFORMANCE INDICATORS (KPIs)**

The Company considers performance against KPIs at a group level; details are included in the consolidated financial statements of Metis Bidco Limited.

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



J P Flaherty  
Director

4 April 2019

## **LOWELL HOLDINGS LTD**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWELL HOLDINGS LTD**

## **Opinion**

We have audited the financial statements of Lowell Holdings Ltd ("the company") for the year ended 31 December 2018 which comprise the Statement of Financial Position and the Statement of Changes in Equity, and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the amounts owed from group undertakings and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWELL HOLDINGS LTD (continued)**

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWELL HOLDINGS LTD (continued)**

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Andrew Walker (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

4 April 2019

**LOWELL HOLDINGS LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**31 December 2018**

	Note	31 Dec 2018 £000	31 Dec 2017 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	9	151	151
<b>Current assets</b>			
Amounts owed by group undertakings	12	51,592	51,592
<b>Total assets</b>		<b>51,743</b>	<b>51,743</b>
<b>Equity</b>			
Share capital	10	1	1
Retained earnings	11	31,983	31,983
<b>Total equity attributable to shareholders</b>		<b>31,984</b>	<b>31,984</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts owed to group undertakings	12	19,759	19,759
<b>Total equity and liabilities</b>		<b>51,743</b>	<b>51,743</b>

These financial statements of Lowell Holdings Ltd, Company No. 05069357, were approved by the Board of Directors on 4 April 2019.

Signed on behalf of the Board of Directors by:



J P Flaherty  
Director

4 April 2019

The notes on page 9 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2018**

	Share Capital £000	Retained Earnings £000	Total £000
<b>Balance at 1 January 2017, 1 January 2018 and 31 December 2018</b>	<b>1</b>	<b>31,983</b>	<b>31,984</b>

The notes on page 9 to 14 form part of these financial statements.

# **LOWELL HOLDINGS LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

### **1. ACCOUNTING POLICIES**

#### **General information and basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU). Those standards have been applied consistently to the historical periods.

#### **Adoption of new and revised standards**

The following new accounting standards became effective for periods commencing on or after 1 January 2018 and have been adopted in the current year. These amendments did not have a material impact on the consolidated financial statements.

IFRS 9 – Financial Instruments

IFRS 15 – Revenue from Contracts with Customers

IFRS 2 – Classifications and Measurement of Share-based Payment Transactions.

The new standard IFRS 16 – Leases is in issue and has been endorsed by the EU but is not yet effective for these financial statements. The Group has completed a comprehensive project to review its leasing arrangements in light of IFRS 16. On application from 1 January 2019, IFRS 16 is expected to have a material impact on the Group's financial statements, however the standard does not have an impact on the Company's financial statements.

#### **Going concern**

The directors consider the Company to be a going concern. The Company has positive net assets. There are long term business plans and short term forecasts in place at a group level (both Metis Bidco Limited and Garfunkelux Holdco 2 S.A.), which are reviewed and updated on a regular basis by management.

#### **Group accounts**

The financial statements present information about the Company as an individual undertaking and not as a group. The Company has not prepared group accounts as it is exempt from the requirement to do so under section 400 of the Companies Act 2006 as it is a wholly-owned subsidiary of Metis Bidco Limited and is included in the consolidated financial statements of that company.

#### **Non-current asset investments**

Investments are stated at cost less provision for impairment.

#### **Dividends**

Dividend income is recognised when the right to receive payment is established.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

#### **Taxation**

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of comprehensive income (SCI) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end.

### **2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

No estimates have been used when preparing these financial statements.

Judgements were used to evaluate the carrying value of investments and amounts due from / due to group undertakings when preparing these financial statements.

### **3. SIGNIFICANT RISKS**

The Company is a holding company and therefore its key financial risk is the impairment of its investments and its amounts due from / due to group undertakings. This would be affected by the key trading results impacting the wider Lowell group of companies, which are disclosed in the financial statements of the Company's parent company, Metis Bidco Limited.

## **LOWELL HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2018**

**4. STATEMENT OF COMPREHENSIVE INCOME**

There have been no transactions in the current or prior year that impact the statement of comprehensive income, therefore no statement of comprehensive income has been presented in these financial statements.

**5. STATEMENT OF CASH FLOWS**

There have been no transactions in the current or prior year that impact the statement of cash flows, therefore no statement of cash flows has been presented in these financial statements.

**6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The directors were not paid any emoluments for their services to the Company (year ended 31 December 2017: none).

The Company has no employees (year ended 31 December 2017: none).

**7. AUDIT FEES**

The auditor's remuneration was borne by another group company and not recharged.

Audit fees in respect of the audit of these financial statements were £1,258 (year ended 31 December 2017: £1,230).

# LOWELL HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

### 8. INCOME TAX

#### a) Amounts recognised in the Statement of Comprehensive Income

	Year ended 31 Dec 2018 £000	Year ended 31 Dec 2017 £000
<b>Tax</b>		
Tax per Statement of Comprehensive Income	-	-

The rate of corporation tax was reduced from 20% to 19% with effect from 1 April 2017 as provided by the Finance (No. 2) Act 2015. Subsequently, the Finance Act 2016 provided for a further reduction of the rate to 17% with effect from 1 April 2020. Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the statement of financial position date. Accordingly, deferred tax balances have generally been calculated using a rate of 17% in these accounts, apart from on balances which are expected to reverse before 1 April 2020.

#### b) Reconciliation of effective tax rate

The tax assessed for the year is equal to (year ended 31 December 2017: equal to) the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (year ended 31 December 2017: 19.25%). The differences are explained below:

	Year ended 31 Dec 2018 £000	Year ended 31 Dec 2017 £000
<b>Profit on ordinary activities before tax</b>	-	-
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.00% (2017: 19.25%)	-	-
Effects of:		
Transfer pricing adjustments	605	613
Group relief	(605)	(613)
<b>Tax charge for the year</b>	-	-

# LOWELL HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

### 9. INVESTMENTS

	<b>£000</b>
<b>Subsidiary undertakings</b>	
<b>Cost</b>	
At 31 December 2018 and 31 December 2017	<u>151</u>

The Company has investments in the following subsidiary undertakings:

Name	Country of incorporation	Principal activity	Ordinary share holding %
Lowell Finance Ltd	UK	Holding company	100*
Lowell Financial Ltd	UK	Consumer debt collection	100
Lowell Portfolio I Ltd	UK	Consumer debt acquisition and collection	100
Tocatto Ltd	UK	Dormant	100
Lowell Portfolio III Limited	UK	Dormant	100
Lowell Portfolio III Holdings Limited	UK	Holding company	100
Lowell Portfolio IV Holdings Limited	UK	Holding company	100
Lowell Portfolio IV Limited	UK	Dormant	100
Lowell Solicitors Limited	UK	Litigation services	100
Lowell Receivables Financing 1 Limited	UK	Special Purpose Vehicle	100
Interlaken Group Limited	UK	Holding company	100
Fredrickson International Limited	UK	Consumer debt collection	100
SRJ Debt Recoveries Limited	UK	Dormant	100

\*Held directly by the Company.

# LOWELL HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

### 10. SHARE CAPITAL

	31 Dec 2018 £000	31 Dec 2017 £000
<b>Share capital</b>		
1,000 (2017: 1,000) A Ordinary shares of £1.00 each	1	1
1 (2017: 1) T Ordinary shares of £0.01 each	-	-
<b>Total share capital</b>	<u>1</u>	<u>1</u>

On 24 September 2014 the Company:

- a) re-designated its Ordinary Shares into A Ordinary Shares; and
- b) issued one T Ordinary Share (nominal value of £0.01) at par for cash.

The rights attached to the Ordinary Shares are as follows:

#### T Ordinary Share (T Share)

##### Income:

In relation to each financial period the holder of the T Share shall accrue a fixed cumulative dividend of £1.00. The fixed cumulative dividend shall accrue on each date for payment until such time as the Company shall elect to pay.

##### Voting:

The holder of the T Share shall not be entitled to receive notice of, or attend and speak at or vote at any general meeting of the Company.

The holder of the T Share shall have the right to receive notice of, and to attend, any general meeting of the Company at which a resolution to elect or remove a Director will be proposed. In respect of such resolutions, the holder of the T Share has the right to speak and exercise 25% of the total number of votes (by way of poll), and for these purposes, each holder of T Shares shall have one vote for each T Share held.

##### Capital:

On a return of capital on liquidation, reduction of capital or otherwise the holder of the T Share shall be entitled to a sum equal to the issue price.

#### A Ordinary Shares (A Shares)

##### Income:

The profits of the Company available for distribution and resolved to be distributed shall be distributed to the holders of the A Shares pro rata to the number of A Shares held.

##### Voting:

The holders of the A Shares shall have the right to receive notice of, and to attend, speak at and vote at any general meeting of the Company.

In respect of any general meeting of the Company at which a resolution to elect or remove a Director will be proposed the holders of the A shares have the right to speak and exercise 75% of the total number of votes (by way of poll), and for these purposes, the holders of the A Shares shall have one vote for each A Share held.

##### Capital:

On a return of capital on liquidation, reduction of capital or otherwise the balance of any assets available for distribution shall be distributed by paying each holder of the A Shares a sum equal to the issue price, thereafter of the balance remaining to the holders of A Shares only, pro rata to the number of A Shares held.

## **LOWELL HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2018**

#### **11. RETAINED EARNINGS**

	<b>£000</b>
At 1 January 2018	31,983
Profit for the year	-
	<hr/>
At 31 December 2018	31,983
	<hr/>

#### **12. RELATED PARTY TRANSACTIONS**

The Company is a wholly owned subsidiary undertaking of Lowell Acquisitions Limited, which is part of a wider group in the UK.

	<b>31 Dec 2018 £000</b>	<b>31 Dec 2017 £000</b>
<b>Year end balances with related parties</b>		
<b>Other Group Undertaking</b>		
Lowell Finance Ltd	51,592	51,592
<b>Immediate Parent Undertaking</b>		
Lowell Acquisitions Limited	(19,759)	(19,759)
	<hr/>	<hr/>

These balances are non- interest bearing and repayable on demand.

#### **13. ULTIMATE CONTROLLING PARTY**

The Company is a subsidiary undertaking of Garfunkelux S.A.R.L., which is the ultimate parent company, incorporated in Luxembourg.

The largest group in which the results of the Company are consolidated is that headed by Garfunkelux Holdco 2 S.A., incorporated in Luxembourg. The smallest group in which they are consolidated is that headed by Metis Bidco Limited, incorporated in England and Wales. The consolidated financial statements of Garfunkelux Holdco 2 S.A. and Metis Bidco Limited are each available from their registered offices at 488, route de Longwy, L – 1940, Luxembourg and at Ellington House, 9 Savannah Way, Leeds Valley Park West, Leeds, LS10 1AB respectively.