
Arrow Global (Holdings) Limited

Annual Report and
Financial Statements for
the Year Ended 31
December 2009

UK Registered No. 05606576

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Arrow Global (Holdings) Limited

Year ended 31 December 2009

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Arrow Global (Holdings) Limited

Year ended 31 December 2009

Company Information

Registered in England and Wales No: 05606576

Director

Malcolm Jackson

Zachary Lewy

Ged O'Neill

Secretary

Jordans Company Secretaries Limited

Auditors

Deloitte LLP

Manchester, UK

Registered Office

20-22 Bedford Row

London

WC1R 4JS

Solicitor

Ashurst LLP

Broadwalk House

5 Appold Street

London

EC2A 2HA

Bank

Royal Bank of Scotland

P O Box 412, 62/63 Threadneedle Street

London

EC2R 8LA

Arrow Global (Holdings) Limited

Year ended 31 December 2009

Directors' Report

The Directors present their annual report on the affairs of Arrow Global (Holdings) Limited (the "Company"), together with the financial statements and auditors' report, for the year ended 31 December 2009

Principal activities

The Company's principal activity is that of holding Company of Arrow Global (Holdings) Limited and its subsidiaries ("the Group"). The Company's subsidiaries are Arrow Global Limited (100% Company), Arrow Global Receivables Management Limited (100% Company), and Strzala Sp z o o (99% Company, 1% Arrow Global Limited)

The Group's principal activity is the acquisition and management of underperforming portfolios of loans. There are no immediate plans for any other business activities by the Group.

Business review

The Company is a holding Company and thus does not actively trade. It therefore has no key performance indicators.

The Company was impacted by a reorganisation of the Arrow Global Guernsey Holdings Limited Group during the year and acquired the remaining 50% of Arrow Global Receivables Management Limited on 21st January 2009.

On 21 January 2009, the issued share capital of Arrow Global (Holdings) Limited was purchased by Batchblock Limited, a limited liability Company incorporated in the United Kingdom. As part of the same transaction, the Ultimate Parent Company became Arrow Global Guernsey Holdings Limited.

Risks and uncertainties

The Company is merely a holding Company and is subject to the risks and uncertainties of its subsidiaries and parent Company.

Going concern and outlook

The Company made a loss after tax of £249,000 (2008: loss of £236,000), net cash outflows of £36,000 (2008: £nil). At 31 December 2009 the Company had nil cash balances (2008: £36,000) and net assets of £5,850,000 (2008: £6,099,000). The Company has no external debt.

The Company's business activities are set out in the Business Review section above.

The Company's transactions merely relate to intercompany obligations and the Company receives funding via its subsidiaries and parent.

The Directors of the Company are satisfied that the Company will continue for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Management has prepared detailed trading forecasts to confirm the going concern assumption is appropriate.

Results and dividends

The Company made a loss after tax of £249,000 (2008: loss of £236,000) for the period ended 31 December 2009. Net cash outflows were £36,000 (2008: £nil).

The Directors do not recommend the payment of a dividend.

Directors

The Directors, who served throughout the year and subsequently except as noted, were as follows:

Malcolm Jackson (appointed 29 January 2009)

Zachary Lewy

Ged O'Neill

Julie Novak (resigned 21 January 2009)

Michelle Soltys (resigned 21 January 2009)

No Director has any direct interest in the shares of the Company.

Arrow Global (Holdings) Limited

Year ended 31 December 2009

Directors' Report (*continued*)

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment

Political and charitable contributions

The Company made no political or charitable contributions during the year (2008: £nil)

Arrow Global (Holdings) Limited

Year ended 31 December 2009

Directors' Report (*continued*)

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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.

Auditors

Each of the persons who are a Director at the date of approval of this annual report confirms that

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

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

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

20-22 Bedford Row
London
WC1R 4JS

By order of the Board


Zachary Levy
Director

July 29, 2010

Arrow Global (Holdings) Limited

Year ended 31 December 2009

Independent Auditors' Report To The Members Of Arrow Global (Holdings) Limited

We have audited the financial statements of Arrow Global (Holdings) Limited for the year ended 31 December 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors' 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, 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 (APB'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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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.

Arrow Global (Holdings) Limited

Year ended 31 December 2009

Independent Auditors' Report To The Members Of Arrow Global (Holdings) Limited (*continued*)

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, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Director's report



David Heaton (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom

29 July 2010

Arrow Global (Holdings) Limited **Year ended 31 December 2009**

Income Statement for Year Ended 31 December 2009

		Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
	<i>Notes</i>		
Revenue			
Interest income	5	-	8
Total revenue		-	8
 Operating expenses			
Professional fees and services		(22)	(15)
Other expenses		(13)	(17)
Total operating expenses		(35)	(32)
 Operating loss		(35)	(24)
Interest expense	6	(214)	(212)
Loss before income tax		(249)	(236)
Taxation on ordinary activities	9	-	-
Loss for the year attributable to equity shareholders	4	(249)	(236)

All revenue is derived from continuing operations in both the current and preceding years

The notes on pages 12 to 17 form part of these financial statements

Arrow Global (Holdings) Limited
Year ended 31 December 2009

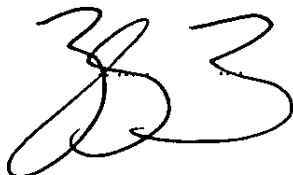
Balance Sheet at 31 December 2009

		31 December 2009	31 December 2008
Assets	Notes	£000	£000
Non-current assets			
Investment in subsidiary undertakings	13	11,800	6,966
Total non-current assets		11,800	6,966
Current assets			
Cash and cash equivalents		-	36
Total current assets		-	36
Total assets		11,800	7,002
Equity			
Share capital	11	-	-
Share premium		1,954	1,954
Additional paid in capital		5,144	5,144
Retained earnings		(1,253)	(1,004)
Translation reserve		5	5
Total equity attributable to shareholders		5,850	6,099
Liabilities			
Non-current liabilities			
Amounts owed to related party	12	5,047	-
Current liabilities			
Trade and other payables	10	25	15
Amounts owed to related party	12	878	888
Total current liabilities		903	903
Total liabilities		5,950	903
Total equity and liabilities		11,800	7,002

The notes on pages 12 to 17 form part of these financial statements

Approved by the Board of Directors on July 29, 2010, signed and authorised for issue on its behalf by

Zachary Lewy
Director



Registered in England and Wales No 05606576

Arrow Global (Holdings) Limited
Year ended 31 December 2009

Statement of Changes in Equity for Year Ended 31 December 2009

	Share Capital £000	Share premium £000	Additional paid-in capital £000	Retained earnings £000	Translation reserve £000	Total £000
Balance at 1 January 2008	-	1,954	-	(768)	5	1,191
Loss for the year	-	-	-	(236)	-	(236)
Forgiveness of debt	-	-	5,144	-	-	5,144
Balance at 1 January 2009	-	1,954	5,144	(1,004)	5	6,099
Loss for the year	-	-	-	(249)	-	(249)
Balance at 31 December 2009	-	1,954	5,144	(1,253)	5	5,850

The notes on pages 12 to 17 form part of these financial statements

Arrow Global (Holdings) Limited
Year ended 31 December 2009

Cash Flow Statement for Year Ended 31 December 2009

	<i>Notes</i>	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Cash flows from operating activities			
Loss before income tax		(249)	(236)
<i>Adjustments to reconcile net loss to net cash from operating activities</i>			
Effect of exchange rate changes		-	(35)
Forgiveness of debt		-	5,144
Increase in trade and other payables	10	10	15
Interest accrued from financing	6	213	-
Decrease in amounts due to related parties	12	(10)	(4,339)
Net cash from operating activities		(36)	549
Cash flows from financing activities			
PIK loan notes received	12	4,834	-
Investment in subsidiary	13	(4,834)	(549)
Net cash provided by financing activities		-	(549)
Net decrease in cash and cash equivalents		(36)	-
Cash and cash equivalents at beginning of period		36	1
Effect of exchange rates on cash and cash equivalents		-	35
Cash and cash equivalents at end of period		-	36

The notes on pages 12 to 17 form part of these financial statements

Arrow Global (Holdings) Limited

Year ended 31 December 2009

Notes to the Financial Statements

1. General information

At 31 December 2009, Arrow Global (Holdings) Limited was a wholly owned subsidiary of Batchblock Limited and its registered office is 20-22 Bedford Row, London, WC1R 4JS. At 31 December 2009, the Ultimate Parent Company and controlling party was Arrow Global Guernsey Holdings Limited ("AGGHL" or the "Ultimate Parent Company") registered in St Peter Port, Guernsey. At 31 December 2008, the Ultimate Parent Company and controlling party was SLM Corporation, incorporated in the USA. The Company's subsidiaries (the "Group") are Arrow Global Limited (100% Company), Arrow Global Receivables Management Limited (100% Company), and Strzala Sp z o o (99% Company, 1% Arrow Global Limited).

On 21 January 2009, the issued share capital of Arrow Global (Holdings) Limited was purchased by Batchblock Limited, a limited liability Company incorporated in the United Kingdom. As part of the same transaction, the Ultimate Parent Company became Arrow Global Guernsey Holdings Limited.

2. Adoption of new and revised standards

The following standards have been adopted by the European Union, but are not effective for the period ended 31 December 2009. The only Standard that has been adopted early in these financial statements is IFRS3 (revised January 2008) regarding Business Combinations.

Standard/Interpretation	Subject	Year end first applies
IFRS 3 (revised January 2008)	Business Combinations	31 December 2010
Amendment to IAS 27 (January 2008)	Consolidated and Separate Financial Statements	31 December 2010
Amendment to IAS 39 (July 2008)	Eligible Hedged Items	31 December 2010
IFRS 1 (revised November 2008)	First Time Adoption of IFRSs	31 December 2010
Amendment to IFRS 1 (July 2009)	Additional Exemptions for First Time Adopters	31 December 2010
Amendment to IFRS 2 (June 2009)	Group Cash-settled Share-based Payment Transactions	31 December 2010
IFRIC 17	Distributions of Non-cash Assets to Owners	31 December 2010
IFRIC 18	Transfers of Assets from Customers	31 December 2010
IAS 24 (revised November 2009)	Related Party Disclosures	31 December 2011
Amendment to IAS 32 (October 2009)	Classification of Rights Issues	31 December 2011
Amendment to IFRIC 14 (November 2009)	Prepayments of a Minimum Funding Requirement	31 December 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	31 December 2011
IFRS 9	Financial Instruments	31 December 2013

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Company other than on accounting for any business combinations which may occur after 1 January 2010.

3. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the financial statements comply with EU IAS Regulation. As the parent of the Group is a wholly owned subsidiary, it is exempt from preparing consolidated accounts in accordance with paragraph 10 (d) of IAS 27 Consolidated and Separate Financial Statements.

The Financial Statements of the Company have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared under the going concern basis, which the Directors believe to be appropriate. The Directors are satisfied that the Company and its subsidiary companies have adequate resources to continue to trade for the foreseeable future and the going concern basis continues to be appropriate for

Arrow Global (Holdings) Limited

Year ended 31 December 2009

Notes to the Financial Statements (*continued*)

3. Significant accounting policies (*continued*)

preparing the financial statements. In making this assessment, detailed trading forecasts have been prepared which support the going concern assumptions in being applied. The decline in the economic climate has seen increased amounts of charged-off, unsecured debt being placed into the marketplace by large financial institutions and this trend looks set to continue for the foreseeable future. This presents an opportunity for the Company to acquire portfolios of debt during this time for purchase considerations significantly lower than the debt's face value.

Foreign currency translation

The Company and the Company's functional currency is pound sterling. In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit/(loss) for the year. Taxable profit/(loss) differs from profit/(loss) as reported in the Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The Company has not recognised a deferred tax asset in the year in respect of losses carried forward.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

To aid the users of the financial statements it was deemed more appropriate to disclose the gross cash collections and yield income on purchased portfolios separately. As a result the prior year cash flow statement has been amended.

4. Loss for the year

	Year ended 31 December 2009	Year ended 31 December 2008
	£000	£000
Loss for the year has been arrived at after debiting/(crediting)	13	20
Net foreign exchange gains		

Arrow Global (Holdings) Limited **Year ended 31 December 2009**

Notes to the Financial Statements *(continued)*

5. Interest income

	Year ended 31 December 2009	Year ended 31 December 2008
	£000	£000
Bank interest	-	8

6. Interest expense

	Year ended 31 December 2009	Year ended 31 December 2008
	£000	£000
Interest on intercompany loans	214	212

Interest on intercompany loans was payable to Batchblock Limited for the year ended 31 December 2009

Interest on intercompany loans was payable to Arrow Global LLC, Arrow Financial International LLC and Arrow Global Limited for the year ended 31 December 2008

7. Staff numbers and cost

All employees including Directors are contractually employed by Arrow Global Limited. No recharges are made.

8. Auditors' remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 31 December 2009	Year ended 31 December 2008
	£000	£000
Fees payable for audit services	17	17
Fees payable for tax compliance and advisory services	5	5

Arrow Global (Holdings) Limited **Year ended 31 December 2009**

Notes to the Financial Statements (continued)

9. Tax

The effective tax rate for the year ended 31 December 2009 is lower than the standard rate of corporation tax in the UK at 28% (2008 28.5%), the differences are as follows

	Year ended 31 December 2009	Year ended 31 December 2008
	£000	£000
Loss before tax	(249)	(236)
Tax credit at standard UK corporation tax rate of 28% (2008 28.5%)	(70)	(67)
Tax losses not recognised	70	67
Tax charge	-	-
Effective tax rate	0%	0%

The Company has not recognised a deferred tax asset in respect of £376,000 (2008 £nil) of tax losses carried forward. The losses are available for offset against future trading profits and have no expiry date.

10. Trade and other payables

	2009	2008
	£000	£000
Other liabilities and accruals	25	15

The Directors consider that the carrying amount of trade payables approximates to their fair value.

11. Share capital

	2009	2008
	£	£
Authorised 10,000 ordinary shares of £1 each	10,000	10,000
Issued and fully paid 2 ordinary shares of £1 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

12. Related party transactions

As at 31 December 2009

	Batchblock Limited	Arrow Global Limited	Total
	£000	£000	£000
Amounts due to related parties	-	878	878
Amount due to related parties PIK loan notes	5,047	-	5,047
	5,047	878	5,925

Arrow Global (Holdings) Limited **Year ended 31 December 2009**

Notes to the Financial Statements *(continued)*

12. Related party transactions *(continued)*

On 21 January 2009, loan notes of £4,834,000 were issued by Batchblock Limited to the Company. Interest is accrued at a rate of 6 month sterling LIBOR plus 3.5%. The loan notes will be redeemed by Batchblock Limited on 31 December 2015 at par value.

As at 31 December 2008

	Arrow Financial Inc £000	Arrow Global Limited £000	Total £000
Amounts due to related parties	16	872	888

The Company had the following reportable transactions with related parties
For the year ended 31 December 2009

	Batchblock Limited £000
Interest expense	213

For the year ended 31 December 2008

	Arrow Global LLC £000	Arrow Financial International LLC £000	Arrow Global Limited £000
Interest expense	191	8	13

Transactions with Directors and key managers

There were no material related transactions with Directors or key managers during the accounting period other than Directors' emoluments.

Arrow Global (Holdings) Limited **Year ended 31 December 2009**

Notes to the Financial Statements (*continued*)

13. Investments in subsidiary undertakings

Details of the Company's subsidiaries at 31 December 2009 are as follows

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
Arrow Global Limited	United Kingdom	100	100
Arrow Global Receivables Management Limited	United Kingdom	100	100
Strzala Sp z o o	Poland	99 0	99 0

	Arrow Global Limited £000	Arrow Global Receivables Management Limited £000	Strzala Sp. z o.o. £000	Total £000
At 1 January 2009	990	4,077	1,899	6,966
Additions	-	4,834	-	4,834
At 31 December 2009	<u>990</u>	<u>8,911</u>	<u>1,899</u>	<u>11,800</u>

The investments in subsidiaries are all stated at cost

14. Parent undertaking

As at 31 December 2009, Arrow Global Guernsey Holdings Limited was the ultimate parent company of Arrow Global (Holdings) Limited and represents the largest Group into which the accounts of the Company is consolidated for the year ended 31 December 2009. The smallest group into which the Company is consolidated are the Consolidated Accounts of the Batchblock Limited Group