Company Registration No. 05754978

Cabot Credit Management Limited
(formerly Cabot Financial Group Limited)

Report and Financial Statements

Period ended 31 December 2011

Cabot Credit Management Limited

Report and financial statements 2011

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Cabot Credit Management Limited

Report and financial statements 2011

Officers and professional advisers

Directors

N Clyne
G P Crawford
R Davis
H DeLiedekerke
E Green
D Layton
J D Randall
S Mound

Secretary

J D Randall

Registered office

1 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4UA

Bankers

RBS PLC
250 Bishopsgate
London
EC2M 3AA

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditors

Deloitte LLP
Chartered Accountants
London

Directors' report

The Directors present their annual report and financial statements of Cabot Credit Management Limited (the "Company") and its subsidiaries (the "Group") for the period ended 31 December 2011

Principal activities

The principal activity of the Company is to act as a holding company of a group comprising the purchase and recovery of non-performing consumer loans in the UK and Europe

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 11 to the financial statements

Business review

The debt purchase marketplace in the UK, the principal area of business activity for the Group, has continued to grow during the period with the Group actively considering purchasing debt with a face value exceeding £6 6 billon The Group made purchases costing in excess of £100m which exceeded its purchasing target for the period

Whilst the returns achieved on the assets acquired in the period will be lower than the previous two accounting periods the Directors are confident that returns achieved on the portfolios acquired in the period to 31 December 2011 will, in aggregate, be in line with the performance in the group's 5 year plan

The UK remained the dominant market accounting for over 95% of the portfolio purchases

Collections on portfolios for the period to 31 December 2011 were broadly in line with expectations on both the existing portfolios and the portfolios purchased during the period The Group has always taken a long-term approach to helping the customer deal with their debt obligations and this approach was maintained during the economic downturn The Directors expect both the turnover and operating profits of the Group to grow in the coming years fuelled by cashflows from portfolios currently owned plus increasing levels of purchases as the major vendors return to the debt sale market

Sale of the Group

On 6th April 2011 the entire share capital of the Cabot Financial Group Ltd was purchased for £90m by Calcium Holdings Sarl As part of this process the Apex Credit Management group, a group of companies also owned by Calcium Holdings Sarl was purchased by the Cabot Financial Group and therefore these financial statements contain the results for the expanded group Cabot Financial Group Ltd subsequently changed its name to Cabot Credit Management Ltd The combination of the Cabot and Apex groups gives the combined group the both the platform and the scale to develop rapidly to make the most of the opportunities in the market place

The loan notes held by the previous shareholders were written down to the disposal value of the Cabot Financial group as part of this process, and therefore the financial statements show a profit of £230m in relation to this write down

Financial risk management objectives and policies

Cash flow and credit risk

The purchase and collection of non-performing consumer receivables carries a substantial amount of cash risk due to the underlying volatility in the collection characteristics of these assets

To mitigate these risks the Group has developed, and continues to refine, detailed management reporting on individual portfolio performance and re-forecasts future collections on each portfolio on a monthly basis

Due to the long-term nature of the Group's collection strategies, the Group will continue to be exposed to possible changes in legislation and economic trends

Directors' report (continued)

Financial risk management objectives and policies (continued)

To mitigate these risks, the Group's senior employees play an active role in trade and industry bodies to ensure that any changes in the legislative collections environment are monitored and assessed as soon as practically possible To mitigate economic risk the Group does not generally enter into long-term fixed-price purchasing arrangements with a duration of more than one year

Price risk

The market within which the Group operates is highly competitive with a large number of buyers tendering for portfolios that come to market In order to mitigate this risk the Group continues to invest in pricing models and segmentation methodologies to help ensure that portfolios are priced as accurately as possible The Directors consider that substantial ongoing investment in this area will be key to the success of the business

Foreign exchange risk

As at 31 December 2011 the net foreign exchange risk is assessed by the Directors to be immaterial in the context of the total assets of the Group with portfolios acquired in Euros being funded with senior debt drawn in Euros

Interest rate risk

All decisions in relation to the hedging of interest rate risk are made by the Board of Directors of the Group The Group has in place hedge contacts to cover the majority of its planned variable interest rate exposure through to November 2015 These instruments have been revalued in the balance sheet to fair value as required by FRS 26 Financial Instruments Recognition and Measurement The fair value of these derivatives at 31 December 2011 was £nil (2010 £nil)

Going concern and liquidity risk

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this report The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements The Group made an operating profit of £35,782,072 (2010 loss of £106,653,631) and net cashflow from operating activities decreased to an outflow of £11,889,485 (2010 inflow of £14,975,994) The reduction in operating cashflows was due to an increase in the amount invested in new portfolio acquisitions, prior to portfolio purchases the Group remains highly cash flow positive The net operating loss in 2010 was driven by a write down of the carrying value of goodwill of £121,542,535 to bring the carrying value into line with the anticipated disposal value of the Group at that point A further impairment charge of £14,277,261 was booked in 2011 on sale of the Group The Group currently has net current assets of £278,815,357 (2010 £69,909,717) and shareholders' funds of £17,923,263 (2010 deficit of £206,218,749) The Group's long-term debt financing comprises of the £136 million loan notes due in 2021, held by the same entities as the Company's ordinary shares Accrued interest on these loans notes of £12 million is, although included in current liabilities, due only on a "pay as you can basis" and otherwise not due until the loan notes are repaid at maturity (see note 15)

The Group meets its day to day working capital requirements through a £205m senior loan facility which was refinanced in February 2012 and matures in February 2016 As at the balance sheet date the senior loan facility was drawn down to £156m The Group has granted a fixed and floating charge over assets with a carrying value in excess of £300m as at the balance sheet date as security for the bank loan The facility is repaid each month with a set percentage of the amount recovered from the loan portfolios

The Group's latest forecasts and cash flow projections have been reviewed in comparison to the loan facility terms and covenants and this has not indicated any significant uncertainty over the Group's ability to operate within the requirements of the facility and therefore to continue as a going concern The Company has sufficient cash resources to meet its foreseeable obligations as its liabilities are principally the "pay as you can" loan notes described above and management fees that can be financed from the group's senior debt facility

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Directors' report (continued)

Results and dividends

The audited financial statements and related notes for the period ended 31 December 2011 are set out on pages 8 to 32 The Group's result for the period, after taxation and before minority interests, was a profit of £224,299,934 (2010 loss of £139,618,677) The Directors do not recommend the payment of a dividend (2010 £nil)

Directors

The Directors who held office during the period, except as noted otherwise, were as follows

P B Cartwright (appointed 6 April 2011 – resigned 2 March 2012)
G P Crawford
N Clyne (appointed 27 April 2011)
R Davis (appointed 3 October 2011)
H DeLiedekerke (appointed 1 March 2012)
D C E Geer (resigned 2 February 2011)
E Green (appointed 6 April 2011)
K W Maynard (resigned 6 April 2011)
S N Mound (appointed 28 April 2011)
P J Norris (resigned 6 April 2011)
J D Randall
J F Soden (resigned 6 April 2011)

Supplier payment policy

It is the Group's policy to abide by the terms of payment agreed with suppliers

Charitable and political contributions

During the period the Group made charitable donations of £26,982 (2010 £2,728) There were no political contributions during the period (2010 £nil)

Disabled employees

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event that members of staff become disabled every effort is made to ensure that their employment with the Group continues It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the Group This is achieved through formal and informal meetings Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests both informally and via the quarterly meetings of the "Communication and Consultative Committee"

Cabot Credit Management Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is 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 auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

J D Randall
Director
31 July 2012

Statement of Directors' responsibilities

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 the law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepting Accounting Practice 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group 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 the Group and to 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 the Group 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 Credit Management Limited

We have audited the financial statements of Cabot Credit Management Limited for the period ended 31 December 2011 which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets , the Consolidated statement of total recognised gains and losses, the Consolidated cash flow statement and the related notes 1 to 28 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 auditor

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 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 Group's and parent 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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2011 and of the Group's profit for the period 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 period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Andrew Downes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
31 July 2012

Cabot Credit Management Limited

Consolidated profit and loss account
For the period ended 31 December 2011

	Notes	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Turnover	1, 2		
Existing operations	11	127,870,434	88,324,967
Acquisitions		19,999,518	-
		147,869,952	88,324,967
Cost of sales		(45,914,567)	(32,670,353)
Gross profit		101,955,385	55,654,614
Administration expenses		(51,920,742)	(40,774,824)
Impairment of goodwill	9	(14,277,261)	(121,542,535)
Other operating income		24,689	9,114
Operating profit/(loss)			
Existing operations		35,077,813	(106,653,631)
Acquisitions		704,259	-
		35,782,072	(106,653,631)
Interest receivable and similar income	6	-	53,376
Gain on settlement of loan notes and related interest liability	7	229,973,480	-
Interest payable and similar charges	7	(33,065,273)	(33,219,508)
Profit/(loss) on ordinary activities before taxation	3	232,690,279	(139,819,763)
Tax on profit/(loss) on ordinary activities	4	(8,390,345)	201,086
Profit/(loss) on ordinary activities after taxation		224,299,934	(139,618,677)
Minority Interests		-	(16,308)
Profit/(loss) for the financial period	20	224,299,934	(139,634,985)

The accompanying notes are an integral part of this consolidated profit and loss account

Cabot Credit Management Limited

Consolidated balance sheet
As at 31 December 2011

	Notes	31 December 2011 £	31 October 2010 £
Fixed assets			
Goodwill	9	21,558,217	21,706,252
Tangible assets	10	6,557,572	4,488,164
		28,115,789	26,194,416
Current assets			
Loan portfolios	12	291,320,209	173,614,702
Debtors amounts falling due within one year	13	6,012,280	3,563,777
Cash at bank and in hand		16,943,738	5,453,993
		314,276,227	182,632,472
Creditors: amounts falling due within one year	14	(35,460,870)	(112,722,755)
Net current assets		278,815,357	69,909,717
Total assets less current liabilities		306,931,146	96,104,133
Creditors: amounts falling due after more than one year	15	(288,225,279)	(301,323,238)
Provisions for liabilities and charges	16	(782,604)	(999,644)
Net assets/(liabilities)		17,923,263	(206,218,749)
Capital and reserves			
Called up share capital	18	322,235	250,000
Share premium account	19	16,302	-
Profit and loss account	20	17,584,726	(206,497,862)
Equity shareholders' funds/(deficit)	25	17,923,263	(206,247,862)
Minority interests		-	29,113
Total capital funds/(deficit)		17,923,263	(206,218,749)

The accompanying notes are an integral part of this consolidated balance sheet

These financial statements of Cabot Credit Management Limited, with registered number 05954978, were approved by the Board of Directors and authorised for issue on 31 July 2012

Signed on behalf of the Board of Directors

J D Randall

Director

Cabot Credit Management Limited

Company balance sheet
As at 31 December 2011

	Notes	31 December 2011 £	31 October 2010 £
Fixed assets			
Investments	11	136,407,312	250,000
Current assets			
Debtors amounts falling due within one year	13	2,649,208	5,736
Cash at bank and in hand		75,400	-
		2,724,608	5,736
Creditors: amounts falling due within one year	14	(12,560,999)	(11,750)
Net current assets/(liabilities)		(9,836,391)	(6,014)
Total assets less current liabilities		126,570,921	243,986
Creditors: amounts falling due after more than one year	15	(136,157,312)	-
Net (liabilities)/assets		(9,586,391)	243,986
Capital and reserves			
Called up share capital	18	322,235	250,000
Share premium account	19	16,302	-
Profit and loss account	20	(9,924,928)	(6,014)
Equity shareholders' (deficit)/funds		(9,586,391)	243,986

The accompanying notes are an integral part of this consolidated balance sheet

These financial statements of Cabot Credit Management Limited, with registered number 05754978, were approved by the Board of Directors and authorised for issue on 31 July 2012

Signed on behalf of the Board of Directors

J D Randall

Director

Cabot Credit Management Limited

Consolidated statement of total recognised gains and losses
For the period ended 31 December 2011

	Note	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Profit/(loss) for the financial period		224,299,934	(139,634,985)
Currency translation differences	20	(217,347)	(65,927)
Total recognised gains/(losses) relating to the period		224,082,587	(139,700,912)

Cabot Credit Management Limited

Consolidated cash flow statement
For the period ended 31 December 2011

	Notes	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Net cash (outflow) / inflow from operating activities	21	(11,889,485)	14,975,994
Returns on investments and servicing of finance	22	(8,601,238)	(5,801,450)
Taxation	22	(158,853)	1,553,867
Capital expenditure and financial investment	22	(2,773,173)	(1,332,525)
Acquisitions and disposals	22	3,820,782	-
Cash (outflow) / inflow before use of financing		(19,601,967)	9,395,886
Financing	22	31,091,712	(9,298,035)
Increase in cash in the period	24	11,489,745	97,851

The accompanying notes are an integral part of this consolidated cash flow statement

1. **Accounting policies**

The particular accounting policies adopted are described below These have been applied consistently throughout the current period and preceding year

Accounting convention

The financial statements have been prepared under the historical cost convention, except for the revaluation at fair value of certain financial assets and financial liabilities, and in accordance with applicable United Kingdom accounting standards

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries and associated undertakings drawn up to 31 December each year (previously 31 October) The results of subsidiaries acquired or sold are consolidated for the periods from or to the date of which control passed Acquisitions are accounted for under the acquisition method

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this report The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements The Group made an operating profit of £35,782,072(2010 loss of £106,653,631) and net cashflow from operating activities decreased to an outflow of £11,889,485 (2010 inflow of £14,975,994) The reduction in operating cashflows was due to an increase in the amount invested in new portfolio acquisitions, prior to portfolio purchases the Group remains highly cash flow positive The Group currently has net current assets of £278,815,357 (2010 £69,909,717) and shareholders' funds of £17,923,263 (2010 deficit of £206,218,749) The Group's long-term debt financing comprises of the £136 million loan notes due in 2021 Accrued interest on these loans notes of £12 million is, although included in current liabilities, due only on a "pay as you can basis" and otherwise not due until the loan notes are repaid at maturity (see note 15)

The Group meets its day to day working capital requirements through a £205m senior loan facility which was refinanced in February 2012 and matures in February 2016 As at the balance sheet date the senior loan facility was drawn down to £156m The Group has granted a fixed and floating charge over assets with a carrying value in excess of £300m as at the balance sheet date as security for the bank loan The facility is repaid each month with a set percentage of the amount recovered from the loan portfolios

The Group's latest forecasts and cash flow projections have been reviewed in comparison to the loan facility terms and covenants and this has not indicated any significant uncertainty over the Group's ability to operate within the requirements of the facility and therefore to continue as a going concern The Company has sufficient cash reserves to meet its foreseeable obligations as its liabilities are principally the "pay as you can" loan notes described above and management fees that can be financed from the group's senior debt facility

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Notes to the financial statements (continued)
For the period ended 31 December 2011

1. **Accountıng polıcıes (contınued)**

Fınancial assets

On ınıtıal recognıtıon, FRS 26 Fınancıal Instruments Recognıtıon and Measurement requıres that financıal ınstruments be classıfied ınto the followıng categorıes, at faır value through profit and loss, loans and receıvables, held-to-maturıty ınvestments or avaılable for sale

The loan portfolıos are classıfied as faır value through profit and loss Debtors are classıfied as loans and receıvables and measured at amortısed cost usıng the effectıve ınterest method, less any ımpaırment

Fınancıal ınstruments are requıred to be measured usıng a faır value hıerarchy that reflects the sıgnıficance of the ınputs used ın measurıng the faır value of those ınstruments The faır value hıerarchy has the followıng levels

- Level 1 faır value measurements are those derıved from quoted prıces (unadjusted) ın actıve markets for ıdentıcal assets or lıabılıtıes,
- Level 2 faır value measurements are those derıved from ınputs other than quoted prıces ıncluded wıthın Level 1 that are observable for the asset or lıabılıty, eıther dırectly (ı e as prıces) or ındırectly (ı e derıved from prıces), and
- Level 3 faır value measurements are those derıved from valuatıon technıques that ınclude ınputs for the asset or lıabılıty that are not based on observable market data (unobservable ınputs)

Fınancıal lıabılıtıes

Except for derıvatıves, whıch are classıfied as faır value through profit and loss on ınıtıal recognıtıon, all financıal lıabılıtıes are carrıed at amortısed cost usıng the effectıve ınterest rate method

Bank borrowıngs

Interest bearıng loans are recorded at the proceeds receıved net of dırect ıssue costs Fınance charges are accounted for ın the profit and loss account usıng the effectıve ınterest method and are added to the carryıng amount of the ınstrument

Turnover

Turnover represents amounts collected from customers and fees receıvable from the servıcıng of loans on behalf of thırd partıes Collectıons from customers are recognısed on receıpt Fees are recognısed when the servıces are provıded

Valuatıon of consumer loan portfolıos

Portfolıos are desıgnated "faır value through the profit and loss" ın accordance wıth FRS 26 Fınancıal Instruments Recognıtıon and Measurement

The faır value of portfolıos ıs shown ın the balance sheet as "loan portfolıos" The change ın faır value of portfolıos ıs shown ın cost of sales Faır value ıs determıned ın the manner descrıbed ın note 12 and ıs hıghly sensıtıve to the collectıons achıeved and the forecast algorıthm used to project forward collectıons The faır value of the loan portfolıos has been classıfied a "Level 3" faır value measurement

Operatıng leases

Rentals under operatıng leases are charged on a straıght-lıne basıs over the lease term

Interest

Interest receıvable and payable are recognısed usıng the effectıve ınterest rate method

Notes to the financial statements (continued)
For the period ended 31 December 2011

1. **Accounting policies (continued)**

Taxation

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 balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Pensions

The Group operates a defined contribution pension scheme Pension contributions are charged to the profit and loss account in the month that the liability for paying the contributions arises Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is estimated at twenty years Provision is made for any impairment

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the higher of fair value less any cost to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

1. **Accounting policies (continued)**

Impairment (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount Impairment losses are recognised as an expense immediately Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value on each asset on a straight-line basis over their estimated useful lives as follows

Office equipment	4 years
Computers and software	3 to 10 years
Fixtures and fittings	5 years
Short leasehold property	the minimum term of the lease
Motor vehicles	5 years
Freehold property	25 years

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment

Derivatives

Derivatives are measured initially at fair value and subsequently re-measured to their fair value at each balance sheet date Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, included discounted cash flow models and option pricing models as appropriate All derivatives are included as assets when their fair value is positive, and liabilities when their fair value is negative The fair value of the derivatives has been classified a "Level 2" fair value measurement The only derivatives utilised by the business are in relation to the syndicated banking facility as outlined in the Interest Rate Risk section of the Director's report

Foreign exchange

Transactions in foreign currencies are recorded at the rates of exchange for Sterling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date Income and expense items are translated at the average exchange rates for the year Exchange differences arising on translations of the opening net assets and results of overseas operations are adjusted through reserves All other exchange differences are recognised as income or expense in the year in which the difference arose

Notes to the financial statements (continued)
For the period ended 31 December 2011

2. Turnover

Turnover predominantly arises in the UK

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Collections	135,572,101	84,913,709
Servicing	12,297,851	3,411,258
	147,869,952	88,324,967

3. Profit / (loss) on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting)

	14 months to 21/12/2011 £	12 months to 31/10/2010 £
Auditors' remuneration	311,040	192,334
Movement in fair value of derivatives	322,200	303,044
Depreciation of tangible fixed assets	2,272,835	1,373,549
Amortisation of goodwill	1,674,014	9,721,885
Foreign currency movement on borrowings	(14,875)	(25,407)
Profit on disposal of fixed assets	-	(2,326)
Operating lease rentals - land and buildings	1,435,846	954,127

The result for the period of the Company was £nil (2010 – £ nil) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company

The analysis of auditors' remuneration is as follows

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	17,000	16,470
Fees payable to the Company's auditors and their associates for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	218,000	175,864
Other Assurance Services	37,500	-
Total audit fees	272,500	192,334
Taxation Services	38,540	59,925
Total non-audit fees	38,540	59,925

4. Tax on loss on ordinary activities

The tax charge/(credit) comprises

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Current tax		
Corporation tax	8,518,071	-
Foreign tax	160,288	97,721
Total current tax	8,678,359	97,721
Deferred tax		
Origination and reversal of timing differences	(288,014)	(298,807)
Total deferred tax	(288,014)	(298,807)
Total tax charge/(credit) on loss on ordinary activities	8,390,345	(201,086)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	14 months to 31/12/2011 £	12 months 31/10/2010 £
Profit/(loss) on ordinary activities before taxation	232,690,279	(139,819,763)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26 7% (2010 – 28%)	(62,153,517)	39,149,534
Effects of		
Expenses not deductible for tax purposes	57,304,561	(4,938,376)
Impairment of goodwill	(3,814,068)	(34,031,910)
Non utilisation of losses	-	(91,886)
Capital allowances in excess of depreciation	(190,731)	(77,841)
Tax on overseas earnings	175,396	(107,242)
Group current tax charge for the period	(8,678,359)	(97,721)

Notes 16 and 17 explain the movements on deferred tax in the period

The Finance Act 2011, which reduced the main rate of UK corporation tax to 25% effective from 1 April 2012, was enacted on 5 July 2011 As this change in rate was substantively enacted prior to 31 December 2011, it has been reflected in the deferred tax assets and liabilities at 31 December 2011

A further reduction in the main rate of UK corporation tax to 24% was substantively enacted on 26 March 2012 However as this occurred post-balance sheet, it does not affect the deferred tax rate applied in these financial statements The UK Government has also indicated that it intends to enact future reductions in the main rate of UK corporation tax of 1% each year down to 22% by 2014 These changes have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The estimated financial effect of these changes is not significant

Cabot Credit Management Limited

Notes to the financial statements (continued)
For the period ended 31 December 2011

5. Information regarding Directors and employees

	14 months to 31/12/2011 No.	12 months to 31/10/2010 No.
Average number of employees during the period (including executive Directors)		
Administration	170	128
Collections	560	304
	730	432

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Staff costs including Directors		
Wages and salaries	24,530,328	14,801,168
Social security costs	1,543,659	1,382,390
Pension contributions	499,227	257,246
	26,573,214	16,440,804

There are four Directors for whom retirement benefits are accruing in respect of defined contribution pension schemes (2011 - 3)

As at the balance sheet date there was a liability of £35,324 (2010 £31,575) in respect of pension contributions to be paid into the scheme

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Directors' remuneration		
Salary and benefits in kind	2,621,495	1,754,949
Compensation for loss of office	485,949	-
Pension contributions	113,457	82,400
	3,220,901	1,837,349
Highest paid director		
Salaries and benefits in kind	986,288	656,402
Pension contributions	36,050	30,900
	1,022,338	687,302

6. Interest receivable and similar income

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Bank deposits	-	53,376

Notes to the financial statements (continued)
For the period ended 31 December 2011

7. Interest payable and similar charges

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Bank loans	7,644,499	6,121,259
A loan notes – held by current shareholders	12,086,293	-
A & B loan notes – held by former shareholders	6,676,433	15,003,547
M loan notes – prior to change of control	5,618,509	12,094,702
Non-utilisation fee on bank loans	1,039,539	-
Credit on waiver of A&B loan notes and accrued interest held by former shareholders	(119,224,310)	-
Credit on waiver of M loan notes and accrued interest held by former shareholders	(110,749,170)	-
	(196,908,207)	33,219,508

The loan notes held by the former shareholders were settled as part of the purchase of the Company by Calcium Holdings Sarl

8 Financial commitments

The Group's annual commitments under non-cancellable operating leases are as follows

	Land and buildings 31/12/2011 £	Land and buildings 31/10/2010 £
Expiry date		
- within one year	27,250	90,541
- between one and five years	120,824	90,541
- after five years	1,224,984	924,614

Notes to the financial statements (continued)
For the period ended 31 December 2011

9. Intangible assets - goodwill

	31/12/2011 £	31/10/2010 £
Cost		
Brought forward	187,562,578	187,562,578
Additions	15,803,240	-
Carried forward as at 31 December 2011	203,365,818	187,562,578
Accumulated amortisation		
Brought forward	165,856,326	34,591,905
Charge for the period	1,674,014	9,721,886
Impairment of goodwill	14,277,261	121,542,535
Carried forward	181,807,601	165,856,326
Net book value		
Carried forward	21,558,217	21,706,252

Following the sale of the Cabot Financial group to Calcium Holdings Sarl the goodwill was written down by £14,277,261 to reflect the price paid for the group The additions to goodwill in the year reflect the goodwill paid on the purchase of the Apex Credit Management group and the purchase of the minority shareholding in Cabot Financial (Ireland) Limited

10. Tangible fixed assets

	Motor vehicles £	Office equipment £	Computers and software £	Fixtures and fittings £	Short leasehold property £	Freehold Property £	Total £
Cost							
At 31 October 2010	34,555	754,906	3,783,902	925,359	2,653,704	616,953	8,769,379
Additions	725	349,985	3,240,636	683,252	67,644	-	4,342,242
At 31 December 2011	35,280	1,104,891	7,024,538	1,608,611	2,721,348	616,953	13,111,621
Depreciation							
At 31 October 2010	17,656	634,942	2,573,373	553,887	489,019	12,339	4,281,216
Charge for the period	7,649	89,304	1,514,422	416,625	216,044	28,791	2,272,835
At 31 December 2011	25,305	724,246	4,087,795	970,512	705,063	41,130	6,554,051
Net book value							
At 31 December 2011	9,975	380,645	2,936,743	638,099	2,016,285	575,823	6,557,572
At 31 October 2010	16,899	119,964	1,210,529	371,472	2,164,685	604,614	4,488,163

Cabot Credit Management Limited

Notes to the financial statements (continued)
For the period ended 31 December 2011

11. Fixed asset investments and acquisitions

	Group 31/12/2011 £	Group 31/10/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Subsidiary undertakings				
Cost and net book value brought forward	-	-	250,000	250,000
Capital contribution to Cabot Financial Limited in relation to novation of shareholder loan note liability (note 15)	-	-	136,157,312	-
	-	-	136,407,312	250,000

Principal group investments

The Parent Company and the Group have unlisted investments in the following subsidiary undertakings which principally affect the financial statements of the Group

Subsidiary undertakings	Date of acquisition	Country of incorporation and operation or principal business address	Principal activity	Ordinary shares held	% shares held
Cabot Financial Limited	7 April 2006	Great Britain	Holding company	250,000	100*
Cabot Financial Holdings Group Limited	7 April 2006	Great Britain	Holding company	251,256	100
Cabot Credit Management Group Limited	7 April 2006	Great Britain	Holding company	19,814,190	100
Cabot Financial Debt Recovery Services Limited	7 April 2006	Great Britain	Consumer debt purchase and recovery in UK and Europe	924,001	100
Cabot Financial (Europe) Limited	7 April 2006	Great Britain	Collection of UK consumer debt	12,104,790	100
Cabot Financial (UK) Limited	7 April 2006	Great Britain	UK consumer debt purchase and recovery	10,000,000	100
Cabot Services (Europe) SAS	7 April 2006	France	French consumer debt purchase and recovery	2,500	100
Financial Investigations and Recoveries (Europe) Limited	7 April 2006	Great Britain	Servicing of UK consumer debt	1	100
Cabot Financial Group Limited	7 April 2006	Great Britain	Dormant	1	100
Morley Limited	7 April 2006	Great Britain	Dormant	2	100
Morley Funding Limited	7 April 2006	Great Britain	Dormant	2	100
Kings Hill (No 4) Limited	7 April 2006	Great Britain	Dormant	2	100
Cabot Financial International Limited	7 April 2006	Great Britain	Dormant	2	100
Kings Hill (No 1) Limited	7 April 2006	Great Britain	Dormant	2	100
Cabot Consumer Services Limited	7 April 2006	Great Britain	Dormant	1	100
Cabot Financial (Ireland) Limited	17 January 2007	Ireland	Irish debt collection	369,114	100
Cabot Spain SL	27 December 2006	Spain	Spanish consumer debt purchase and recovery	3,000	100
Cabot Financial Asset Purchases (Ireland) Limited	26 April 2007	Ireland	Dormant	100	100
Apex Credit Management Holdings Limited	6 April 2011	Great Britain	Holding company	233,333 A 95,550 B	100
Macrocom (948) Limited	6 April 2011	Great Britain	Holding company	50,000	100
Apex Credit Management Limited	6 April 2011	Great Britain	Collection of UK consumer debt	50,000	100
Apex Collections Limited	6 April 2011	Great Britain	Collection of UK consumer debt	2	100

Notes to the financial statements (continued)
For the period ended 31 December 2011

Apex Credit Management Funding Limited	6 April 2011	Great Britain	Dormant	1	100

* *Directly held subsidiary of Cabot Credit Management Limited*

The Group has 100% voting rights on shares held in each of the subsidiary undertakings

On 6th April 2012, following the purchase of the Cabot Financial Group by Calcium Holdings Sarl, Cabot Financial Limited (a fully owned subsidiary of Cabot Credit Management Limited) purchased 100% of the ordinary and preference share capital of Apex Credit Management Holdings Limited for consideration representing fair value and comprising the issue of loan notes with a nominal value of £46,157,337 The consolidation of ApexCredit Management Holdings Limited has been effected from 1 April 2011 on the grounds of materiality

Subsequent to this transaction Apex Credit Management Limited and Apex Credit Management Funding Limited were sold by Macrocom (948) Limited (a 100% owned subsidiary of Apex Credit Management Holdings Limited) to Cabot Financial Debt Recovery Services Limited (a fully owned subsidiary of the Cabot Financial group) for £6,101,240 and £1 respectively Apex Credit Management Limited also purchased 100% of the share capital of Apex Collections Limited for the nominal value of the issued share capital

The following sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group

	Book value	Fair value to Group
	£	£
Fixed Assets		
Tangible	1,875,519	1,875,519
Current Assets		
Loan portfolios	51,452,320	51,452,320
Debtors	3,402,014	3,402,014
Cash	3,820,782	3,820,782
Total Assets	**60,550,635**	**60,550,635**
Creditors		
Bank loans	(21,951,662)	(21,951,662)
Trade creditors	(2,598,311)	(2,598,311)
Accruals and other creditors	(3,794,607)	(3,794,607)
Corporation Tax	(1,574,618)	(1,574,618)
Total Liabilities	**(29,919,198)**	**(29,919,198)**
Net Assets	**30,631,437**	**30,631,437**
Goodwill		15,525,900
		46,157,337

Notes to the financial statements (continued)
For the period ended 31 December 2011

Satisfied by	
Loan notes issued	**46,157,337**

Net cash outflows in respect of the acquisition comprised	£
Cash consideration	-
Cash at bank and in hand acquired	3,820,782
Bank overdrafts acquired	-
	3,820,782

An amount of £1,763,115 has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 6 April 2011 to 31 December 2011

The Apex Credit Management Limited group of companies earned a profit after taxation and minority interests of £916,120 in the year ended 31 December 2011, of which £610,503 arose in the period from 1 January 2011 to 6 April 2011 The summarised profit and loss account (there were no other recognised gains and losses in the period) from 1 January 2011 to 6 April 2011, shown on the basis of the accounting policies of Apex Credit Management Limited group prior to the acquisition are as follows

Profit and loss account	£
Turnover	9,536,419
Cost of sales	(3,835,309)
Gross Profit	**5,701,110**
Other operating expenses (net)	(4,662,140)
Operating profit	**1,038,970**
Finance charges (net)	(218,068)
Profit on ordinary activities before taxation	**820,902**
Tax on profit on ordinary activities	(210,399)
Profit for the financial period	**610,503**

12. **Market risk analysis**

The Group is subject to price, credit and cashflow risk in the value of loan portfolios and interest rate risk in relation to its bank loans and related hedging The Directors consider that the net exposure to foreign exchange risk in the Groups balance sheet is immaterial The financial risk management objectives and policies were discussed within the Directors' report on page 2 and 3

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14 and 15, plus cash and equity attributable to equity holders of the parent as disclosed in notes 18 to 25

(a) **Price and cashflow risk sensitivity analysis in fair value of loan portfolios**

	Group 31/12/2011 £	Group 31/10/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Loan portfolios				
Fair value	291,320,209	173,614,702	-	-

The following table summarises the movement in the fair value of the loan portfolios in the period

	£
Loan portfolio value as at 31 October 2010	173,614,702
Movement in fair value expensed as cost of sales	(36,850,499)
Portfolios purchased in period including portfolios acquired as part of the Apex Credit Management Acquisition	154,556,006
Loan portfolio value as at 31 December 2011	291,320,209

The Group uses a Revaluation Model to calculate the fair value of loan portfolios The Revaluation Model is a cashflow model developed at a portfolio level based on projected cashflows over the forecast cash collection period for each individual portfolio ("the forecast period") Cashflows are discounted using the yields calculated for each portfolio During the period to 31 December 2011 the Directors concluded that using an aggregated forecast for each vintage was a more accurate method of calculating the cashflow forecasts which drive the fair value of the portfolios The adoption of this change required a £16 million uplift to the fair value of the portfolios in the balance sheet Once all portfolios acquired in a financial year are 12 months old the weighted average yield and the forecast period are calculated for portfolios acquired in that year and this is used for each portfolio The initial yield is calculated at the time of purchase and subsequently compared with yields observed in current market transactions in similar loan portfolios and adjusted if necessary Significant volatility in yields for similar purchased loan portfolios is not anticipated in the absence of fundamental changes in the economic or legislative environment

The weighted average forecast period used in the Revaluation Model was 74 months (2010 74 months) and the weighted average yield used for discounting cashflows was 37 8% (2010 40%) The weighted average initial yield of new acquisitions in the period to 31 December 2011 was consistent with that of the prior year and the Directors do not consider that this is likely to vary significantly

Notes to the financial statements (continued)
For the period ended 31 December 2011

12. Market risk analysis (continued)

The Revaluation Model is updated with the collections experience on a monthly basis and a new collections forecast is generated using a combination of the actual collections seen over the immediately preceding months and long term trend analysis of how collections on the Group's loan portfolios decay on a monthly basis over several years

The fair value of the portfolios is therefore highly dependent on the collections achieved on the loan portfolios in the past as these determine the initial starting point of the projection and the long-term gradient used to project the decay of the forecast collections The fair value is also dependent on the yield assumptions

The effect of a 10% reduction in cash collection statistics and a 10% reduction in the long term gradient used in the Revaluation Model are illustrated separately below The Directors believe that a 10% reduction is a reasonable sensitivity as this correlates with the largest annual adverse variance in cash collections against forecast cashflows observed since the Revaluation model was introduced in its current form in October 2007

The effect of changes to the assumptions feeding the Revaluation Model are illustrated below

Group	Opening balance sheet £	Change in fair value recorded in cost of sales £	Closing balance sheet £
Reduction in cash collections experience used in forecast by 10%			
Year ended 31 October 2010			
Per financial statements	161,738,508		173,614,702
Reduction due to change of assumption	(14,868,109)	(1,448,816)	(16,316,925)
	146,870,399		157,297,777

Group	Opening balance sheet £	Change in fair value recorded in cost of sales £	Closing balance sheet £
Year ended 31 December 2011			
Per financial statements	173,614,702		291,320,209
Reduction due to change of assumption	(16,316,925)	(4,778,992)	(21,095,917)
	157,297,777		270,224,292
Reduction in the long term gradient used in forecast by 10%			
Year ended 31 October 2010			
Per financial statements	161,738,508		173,614,702
Reduction due to change of assumption	(4,744,751)	(1,218,111)	(5,962,862)
	156,993,757		167,651,840
Year ended 31 December 2011			
Per financial statements	173,614,702		291,320,209
Reduction due to change of assumption	(5,962,862)	(645,137)	(6,607,999)
	167,651,840		284,712,210

12. Market risk analysis (continued)

An increase of 10% in cash collections experience and a 10% increase in the long-term gradient used in forecast will have the exact opposite effect in the loan portfolios amount at balance sheet date

(b) Interest rate risk sensitivity analysis

The Group has several interest rate caps which expire at various dates up to November 2015, the fair value of which are nil The Directors do not consider a scenario which changes this fair valuation to be material

The Group's senior debt facility is linked to the monthly LIBOR so the balance sheet value is the fair value

The customer receivables acquired by the Group within non-performing loan portfolios predominantly have fixed contractual interest rates so the recoverability of the portfolios is not subject to interest rate movements other than the underlying impact that interest rate movements have on the ability of consumers to repay their obligations

The Group has in issue £136 2 million of 12% A loan notes These loan notes are purely "pay if you can" liabilities and are inherently linked to the Group's equity structure Interest is only payable on a "pay if you can" basis These loan notes reflect the price paid for the group in April 2011 and the Directors therefore consider this to be the fair value of these liabilities

(c) Credit risk sensitivity analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group As the Group's business is the purchase and recovery of non-performing consumer loans it is exposed to a significant credit risk so, as disclosed in the Directors Report, continues to develop, and continues to refine, detailed management reporting on individual portfolio performance and re-forecasts future collections on each portfolio on a monthly basis Pricing models are used to assess the purchase price of each portfolio Underlying the amount included in Loan Portfolios in the balance sheet is the underlying receivables from the Group's customers who, although all have suffered issues with personal credit, are highly diverse in nature spread across all of the geographical regions of the UK (with a small proportion amounting to less than 5% of the customer base across in France, Spain and Ireland) and from all socio-economic groups The Group does not therefore have a significant risk to any single counterparties The underlying credit risk associated with the aggregated customer base is, in essence identical to the cashflow risk associated with forecasting the future cash flows from the portfolio disclosed in (a) above

(d) Liquidity risk analysis

As at 31 December 2011 the Group's revaluation model indicates that £728 million (2010 £456 million) will be received on the Group's loan portfolios over a ten year period The exact timing of this cashflow is highly dependent on the economic circumstances prevailing at that time but as described above the Group continues to develop and refine the revaluation model to ensure the forecast collections are accurate and reflect the current economic environment The liquidity risk is significantly reduced by the fact that the interest on the loan notes, which form an integral part of the financing structure for the Group, is payable on a "Pay as you can" basis

Cabot Credit Management Limited

Notes to the financial statements (continued)
For the period ended 31 December 2011

13. Debtors: amounts falling due within one year

	Group 31/12/2011 £	Group 31/12/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Amounts owed by group undertakings	-	-	2,648,514	5,042
Trade debtors	3,270,776	435,737	-	-
Corporation tax	55	55	-	-
Other debtors and prepayments	2,741,449	3,127,985	694	694
	6,012,280	3,563,777	2,649,208	5,736

The Directors believe the fair value of these assets is not materially different to the balance sheet value
Amounts owed by group undertakings are due on demand and carry no coupon

14. Creditors: amounts falling due within one year

	Group 31/12/2011 £	Group 31/10/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Accrued M loan notes interest (see note 15)	-	45,130,872	-	-
Accrued "A" & "B" loan notes interest (see note 15)	12,086,293	60,201,461	12,086,293	-
Trade creditors	4,577,993	560,137	-	-
Corporation tax	10,137,843	114,691	-	-
Other tax and social security	1,620,363	544,524	-	-
Amounts owed to group undertakings	-	-	331,706	-
Other creditors	1,639,105	1,193,527	-	-
Accruals and deferred income	5,399,273	4,977,543	143,000	11,750
	35,460,870	112,722,755	12,560,999	11,750

The directors believe the fair value of these liabilities is not materially different to the balance sheet value
Included other creditors is £35,324 (2010 £31,575) in respect of pension contributions to be paid into the groups defined contribution pension scheme

Notes to the financial statements (continued)
For the period ended 31 December 2011

15. Creditors: amounts falling due after more than one year

	Group 31/12/2011 £	Group 31/10/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Debenture loans, loan stock and other loans	136,157,312	202,346,416	136,157,312	-
Bank loans and overdrafts	152,067,967	98,976,822	-	-
	288,225,279	301,323,238	136,157,312	-
Analysis of loan repayments				
In more than one year but less than 5 years	152,067,967	98,976,822	-	-
In more than 5 years	136,157,312	202,346,416	136,157,312	-

The Directors believe the fair value of the liabilities is not materially different to the balance sheet value The Group has granted a fixed and floating charge over assets with a carrying value in excess of £300m as at the balance sheet date as security for the bank loan The bank loans were renewed in February 2012 (see Directors' report) and are repayable in February 2016 The interest rate is variable and fluctuates in accordance with LIBOR The Debenture loans, loan stock and other loans above are 12% 'A" loan notes repayable in 2021 The interest on these loan notes is only payable on a "pay if you can basis" and the loan notes are fully subordinated to the bank loans

16. Provisions for liabilities and charges

	Group £	Company £
At 31 October 2010	999,645	-
Current period timing adjustment	(217,041)	-
At 31 December 2011	782,604	-

The provision is entirely a deferred tax liability relating to the timing difference between the tax and the increase in brought forward reserves at 1 November 2006 in respect of the cumulative effect on adoption of FRS 26 The remaining provision is anticipated to be released evenly to the profit and loss account over the period to 31 October 2016

The Finance Act 2011, which reduced the main rate of UK corporation tax to 25% effective from 1 April 2012, was enacted on 5 July 2011 As this change in rate was substantively enacted prior to 31 December 2011, it has been reflected in the deferred tax assets and liabilities at 31 December 2011

A further reduction in the main rate of UK corporation tax to 24% was substantively enacted on 26 March 2012 However as this occurred post-balance sheet, it does not affect the deferred tax rate applied in these financial statements The UK Government has also indicated that it intends to enact future reductions in the main rate of UK corporation tax of 1% each year down to 22% by 2014 These changes have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The estimated financial effect of these changes is not significant

Notes to the financial statements (continued)
For the period ended 31 December 2011

17. Deferred tax asset

	Group 31/12/2011 £	Group 31/10/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Accelerated capital allowances	290,999	366,144	-	-
Tax losses not recognised	6,766,964	7,271,389	-	-
Other timing differences		-	-	-
Deferred tax not recognised	(7,057,963)	(7,637,533)	-	-
	-	-	-	-

A deferred tax asset has not been recognised in respect of unutilised tax losses as the current expectation as there will not be sufficient taxable profits from which the losses could be deducted The potential deferred tax asset currently amounts to £7,057,963(2010 £7,637,533)

	Group 31/12/2011 £	Group 31/10/2010 £
At 31 October 2010	-	-
Current period timing adjustments	-	-
At 31 December 2011	-	-

18. Share capital

	31/12/2011 £	31/10/2010 £
Called up, allotted and fully paid.		
17,532 class "A1" ordinary shares of £0 99 each, subscription price of £1 00	17,357	-
11,039 class "A2" ordinary shares of £1 65 each, subscription price of £1 65	18,214	-
22,078 class "A3" ordinary shares of £0 83 each, subscription price of £1 00	18,325	-
11,039 class "A4" ordinary shares of £1 65 each, subscription price of £1 65	18,214	-
12,499 class "A5" ordinary shares of £0 01 each, subscription price of £1 00	125	-
52,500 class "A" ordinary shares of £1 each, subscription price of £1 00	-	52,500
250,000 class "B" ordinary shares of £1 each, subscription price of £1 00	250,000	197,500
	322,235	250,000

On 6th April 2011 as part of the restructuring of the group following the acquisition by Calcium Holdings Sarl the 52,500 of "A" ordinary shares were reclassified as" B" shares, and the company was authorised to allot A ordinary shares up to an aggregate nominal amount of £72,240 The share issue shown above for classes "A1" to "A5" were issued to employees of the company Total consideration received was £88,538

19. Share Premium

	31/12/2011 £	31/10/2010 £
Issue of "A1" Ordinary Shares	175	-
Issue of "A2" Ordinary Shares	-	-
Issue of "A3" Ordinary Shares	3,753	-
Issue of "A4" Ordinary Shares	-	-
Issue of "A5" Ordinary Shares	12,374	-
	16,302	-

20 Profit and loss account

	Group 31/12/2011 £	Group 31/10/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Brought forward	(206,497,862)	(66,796,950)	(6,014)	(6,014)
Profit/(loss) for the period	224,299,934	(139,634,985)	(9,918,914)	-
Exchange differences on consolidation	(217,347)	(65,927)	-	-
Carried forward	17,584,725	(206,497,862)	(9,924,928)	(6,014)

21 Reconciliation of operating profit to net cash outflow from operating activities

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Operating profit / (loss)	35,782,072	(106,653,631)
Depreciation	2,272,835	1,373,549
Gain on disposal of fixed assets	-	(2,326)
Amortisation of goodwill	1,674,014	9,721,886
Impairment of goodwill	14,277,261	121,542,534
Increase in loan portfolios	(66,253,187)	(11,876,194)
Decrease / (increase) in debtors	953,512	(339,659)
(Decrease) / (increase) in creditors	(595,991)	1,209,835
	(11,889,485)	14,975,994

Notes to the financial statements (continued)
For the period ended 31 December 2011

22. Analysis of cash flows

	14 months to 31/12/2011 £	12 months to 31/10/2010 £
Returns on investments and servicing of finance		
Interest received	-	53,377
Interest paid	(8,601,238)	(5,854,827)
Net cash outflow	(8,601,238)	(5,801,450)
Taxation		
UK corporation tax (paid) / refunded	(158,853)	1,553,867
Net cash inflow	(158,853)	1,553,867
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,466,723)	(1,346,025)
Sale of tangible fixed assets	-	13,500
Purchase of residual shares from former minority shareholder	(306,450)	
Net cash outflow	(2,773,173)	(1,332,525)
Acquisitions and disposals		
Cash and overdrafts acquired	3,820,782	-
Net cash outflow	3,820,782	-
Financing		
Share capital issued	88,537	-
Bank loans	31,003,174	(9,298,035)
Net cash inflow	31,091,711	(9,298,035)

Subsidiary undertakings acquired in the year contributed £780,399 to the Group's net operating cashflows

23. Analysis of changes in net debt

	31/10/2010 £	Cash flow £	Other non-cash changes £	31/12/2011 £
Cash in hand and at bank	5,453,993	11,489,745	-	16,943,738
Debt due within one year	-	-	-	-
Debt due after one year	(301,323,238)	(31,003,174)	44,101,134	(288,225,279)
Total	(295,869,245)	(19,513,429)	44,101,134	(271,281,540)

Notes to the financial statements (continued)
For the period ended 31 December 2011

24. Reconciliation of net cash flow to movement in net debt

	31/12/2011 £	31/10/2010 £
Increase (decrease) in cash in the period	11,489,745	97,851
Other net changes in debt	13,097,960	9,318,247
Movement in net debt	24,587,704	9,416,098
Net debt at start of period	(295,869,245)	(305,285,343)
Net debt at end of period	(271,281,540)	(295,869,245)

25. Reconciliation of movement in shareholders' (deficit)/funds

	Group 31/12/2011 £	Group 31/10/2010 £	Company 31/12/2011 £	Company 31/10/2010 £
Profit/(loss) for the financial period	224,299,934	(139,634,985)	(9,918,914)	-
Other recognised losses relating to the period	(217,347)	(65,927)	-	-
Share capital issued	72,235	-	72,235	-
Share premium	16,302	-	16,302	-
	224,171,124	(139,700,912)	(9,830,377)	-
Net increase/(reduction) in shareholders' funds/(deficit)	224,171,124	(139,700,912)	(9,830,377)	-
Opening shareholders' funds/(deficit)	(206,247,862)	(66,546,950)	243,986	243,986
Closing shareholders' funds/(deficit)	17,923,262	(206,247,862)	(9,586,391)	243,986

26. Contingent liabilities

Certain companies within the Group are party to a guarantee in favour of the Group's bankers in relation to loans drawn down by other Group companies Amounts outstanding at 31 December 2011 were £155,506,871 (2010 £100,966,241) The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future

27. Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with wholly owned group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that group

During the period to 6 April 2011 the Group purchased services of £33,677 (2010 £76,775) from companies controlled by Citigroup Hold Co Limited (formerly called NPIL Hold Co Limited) During the period to 6 April 2011 the Group purchased £nil (2010 £27,761,834) of consumer loan portfolios from companies controlled by Citigroup Inc The interest expense on the Citigroup part of the Group's loan facility during the period to 6 April 2011 was £990,842 (2010 £2,039,426)

During the period to 6 April 2011 interest of £4,878,999 (2010 £10,502,793) was accrued on "M" loan notes held by companies controlled by Citigroup Hold Co Limited

During the period to 6 April 2011 interest of £9,566,194 (2010 £11,875,174) was accrued on "A" and "B" loan notes held by companies controlled by Citigroup Hold Co Limited

During the period to 6 April 2011 the loan note holders in the Group agreed to value capital and interest on A and B loan notes of £119,224,310 and capital and interest on M loan notes of £110,749,170 These waivers formed part of the refinancing exercise as part of the change of control

During the period to 31 December 2011 interest of £11,968,997 (2010 nil) was accrued on loan notes held by Calcium Holdings Sarl, an intermediate holding company between the immediate and ultimate parent undertaking as disclosed below The amount due under these loan notes, including accrued interest, was £146,804,915 as at the balance sheet date

28. Ultimate parent company

The Company's immediate parent company is Pall Mall Finance Limited

Until 6 April 2011 the ultimate parent undertaking of the smallest and largest group into which the Company consolidates was Citigroup Hold Co Limited (formerly called NPIL Hold Co Limited) The ultimate controlling party was Citigroup Inc, a company listed on the New York Stock Exchange in the United States Copies of the financial statements are available from Citigroup Inc 399 Park Avenue, New York, NY 10043

Since 6 April 2011 the Company's ultimate parent undertaking is AnaCap Calcium L P a partnership registered in Guernsey