

Company Registration No. 08260772

Marlin Europe V Limited

**Annual Report and Financial Statements
For the year ended 31 December 2021**



Marlin Europe V Limited

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Marlin Europe V Limited

Officers and professional advisors

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

Directors

J A Graham
P Jenkins

Secretary

S Whiteley

Auditor

BDO LLP
Chartered Accountants and Statutory Auditor
55 Baker Street
London
W1U 7EU

Bankers

National Westminster Bank PLC
City of London Office
PO BOX 12258
1 Princes Street
London
EC2R 8BP

Registered office

Marlin House
16 – 22 Grafton Road
Worthing
West Sussex
BN11 1QP

Marlin Europe V Limited

Strategic Report For the year ended 31 December 2021

Overview

The Directors present the Strategic Report, Directors' Report and the financial statements of Marlin Europe V Limited (the "Company") for the year ended 31 December 2021. The Company is a member of the Encore Capital Group, Inc. (the "Group").

The Company's principal activity was investment in defaulted consumer loans in the United Kingdom. On 24 August 2020, the Directors signed an agreement to transfer the beneficial interest of the loan portfolios to Cabot Financial (UK) Limited, a fellow subsidiary, effective 1 January 2020 and the Company ceased trading. The transfer was made through intercompany trading balances, therefore no cash consideration was exchanged. Legal title still remains within Marlin Europe V Limited.

On 13 December 2021, the Directors signed an agreement to novate the Company's intercompany loans and trading balances to Cabot Credit Management Group Limited. The Directors believe this will simplify the structure of intercompany balances within the Group.

Business review and results

The Company's results for the period reflect interest income earned and costs incurred by the Company prior to novation of balances to Cabot Credit Management Group Limited.

Overall, the Company recorded a profit before tax for the year amounts to £10,000 (2020 – loss of £62,000).

Key performance indicators

Given the nature of activity undertaken by the Company during the period, no key performance indicator analysis is considered necessary.

Principal risks and uncertainties

In common with all other UK operating businesses in the Group (the "UK Group"), the Company is exposed to a range of enterprise wide risks. This section describes the principal risks arising from the UK Group's business model, and the processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

Risk	Definition	Impact	Mitigation
Economic risk	Changes in the economic environment in the markets in which the Company operates may negatively impact its performance.	May cause reduced recoveries which results in financial loss.	The UK Group assesses consumer repayment affordability through income and expenditure assessments, leading to sustainable repayment plans. We regularly monitor key economic performance indicators as well as having a diversified consumer portfolios account types.

Marlin Europe V Limited

Strategic Report (continued) For the year ended 31 December 2021

Principal Risks and Uncertainties (*continued*)

Risk	Definition	Impact	Mitigation
Regulatory Risk	Failure of the UK Group to comply with applicable legislation or regulation of the debt purchase and collections sector and the broader consumer credit industry.	May result in the suspension, termination or impairment of the Company's ability to conduct business and substantial losses.	<p>The UK Group has a well established three lines of defence model and a robust risk management approach, with strong operational compliance systems and controls, and training in place which support our customer centric culture.</p> <p>Within the second line, the risk and compliance team provide expertise and oversight.</p> <p>The third line, the internal audit team, provide independent and objective regulatory and compliance oversight.</p>
Data Retention Risk	The ability of the UK Group to obtain, share and retain customer data is critical to the Company and is heavily regulated by privacy, data protection and related laws in the jurisdictions in which the Company operates.	<p>May result in enforcement notices and monetary penalties imposed.</p> <p>Any lack of compliance may impair the UK Group's ability to continue to use its consumer data, which may have an adverse effect on the Company's financial condition, industry reputation, financial returns and impact operations.</p>	The Company maintains compliance with the required standards across sites to align with the Data Protection Act 2018 (including the UK GDPR Part 2 of the DPA 2018).
Information Security Risk	Risk of security and privacy breaches of the systems and processes used to protect customer data.	May lead to material financial losses as a result of litigation, regulatory sanctions, remediation costs, or loss of new business.	Stringent information security principles, including regular penetration testing and staff awareness programmes, are embedded in the UK Group's processes and meet the ISO27001 standard.

Marlin Europe V Limited

Strategic Report (continued) For the year ended 31 December 2021

Principal Risks and Uncertainties (continued)

Risk	Definition	Impact	Mitigation
Political Risk	Risk of changes to regulatory or political environment or an increasing volume of legislation.	May lead to higher operating costs, future collections failing to meet forecasts or impede new business if clients are less able to or incentivised to sell debt. The Directors believe that the ongoing war between Russia and Ukraine has no direct impact on the Company.	The UK Group maintaining a customer focussed approach to the business strategy, which minimizes such risk.
Vendor / Operational Risk	Risk of restrictions placed on the UK Group by vendors.	May limit operational flexibility, which may have an adverse effect on the Company's financial condition, financial returns or results of operations.	The UK Group has long standing relationships with key vendors. Appropriate pricing and due diligence processes undertaken for all portfolio purchases to ensure any such restrictions are fully considered before any commitment to purchase is entered into.
Third party Risk	Risk of loss of relationship, under performance or non-compliant practices by third party service providers.	May limit operational flexibility, or create reputational risk to the UK Group, which may have an adverse effect on the Company's financial condition, financial returns or results of operations.	The UK Group has implemented three lines of defence model and a robust risk management approach, with strong operational compliance controls and training in the first line. Within the second line, the compliance and legal team provide expertise and oversight. The third line, the internal audit team, provide independent and objective regulatory and compliance oversight.

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


J A Graham
Director

22 September

2022

Marlin Europe V Limited

Directors' Report For the year ended 31 December 2021

The Directors present their report for the year ended 31 December 2021.

Results and dividends

The audited financial statements and related notes for the year ended 31 December 2021 are set out on pages 10 to 17. The Company's result for the year after taxation was a profit of £18,000 (2020: loss of £50,000).

The Directors do not recommend a payment of a dividend in the year (2020: £nil).

Directors

The Directors who held office during the year and up to the date of approval of the financial statements were as follows:

- P Jenkins
- J A Graham - (appointed 30 September 2021)
- J B Morris - (resigned 30 September 2021)

Qualifying third party indemnity provisions

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

Political donations

The Company made no political contributions (2020: £nil).

Energy and emissions

The Company's principal activity is that of a holding company within the Group. As such the Company does not have any employees and therefore no environmental impact from greenhouse gases.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

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


J A Graham
Director

22 September

2022

Marlin Europe V Limited

Statement of Directors' responsibilities For the year ended 31 December 2021

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 2.2 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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.

Marlin Europe V Limited

Independent auditor's report to the members of Marlin Europe V Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Marlin Europe V Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation other than going concern

We draw attention to Note 2.2 to the financial statements which explains that the Company ceased trading. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 2.2. Our opinion is not modified in this respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Marlin Europe V Limited

Independent auditor's report to the members of Marlin Europe V Limited (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Marlin Europe V Limited

Independent auditor's report to the members of Marlin Europe V Limited (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have obtained an understanding of the legal and regulatory frameworks applicable to the entity and we have enquired of management to identify how the entity is complying with those frameworks and whether there were any known instances of non-compliance.

We considered the entity's control environment that has been established to prevent, detect and deter fraud. We then assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

BDO LLP

Leighton Thomas (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

22 September 2022

Date

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

Marlin Europe V Limited

Statement of comprehensive income For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Administration expenses		-	(1)
Other expenses		-	(64)
Operating loss		-	(65)
Interest receivable and similar income	4	189	236
Interest payable and similar charges	5	(179)	(233)
Profit/ (loss) on ordinary activities before taxation	3	10	(62)
Tax credit	6	8	12
Total comprehensive profit/(loss) for the financial period		18	(50)

All of the above results are derived from discontinued operations. There is no other comprehensive income.

The accounting policies and notes on pages 13 to 17 form part of these financial statements.

Marlin Europe V Limited

Statement of financial position As at 31 December 2021

	Notes	2021 £000	2020 £000
Current assets			
Trade and other receivables	7	192	5,677
Cash in bank and on hand		-	-
		<u>192</u>	<u>5,677</u>
Creditors: amounts falling due within one year			
Trade and other payables	8	-	(5,503)
Net assets		<u>192</u>	<u>174</u>
Equity			
Called up share capital	9	-	-
Retained earnings		192	174
Total shareholders' funds		<u>192</u>	<u>174</u>

These financial statements of Marlin Europe V Limited, with registered number 08260772, were approved by the Board of Directors and authorised for issue on 22 September 2022.

Signed on behalf of the Board of Directors by:


J A Graham
Director

The accounting policies and notes on pages 13 to 17 form part of these financial statements.

Marlin Europe V Limited

Statement of changes in equity As at 31 December 2021

	Share Capital £000	Retained earnings £000	Total £000
As at 1 January 2020	-	224	224
<i>Comprehensive income for the period:</i>			
Loss for the period	-	(50)	(50)
Total comprehensive income	-	(50)	(50)
As at 31 December 2020	-	174	174
<i>Comprehensive income for the period:</i>			
Profit for the period	-	18	18
Total comprehensive income	-	18	18
As at 31 December 2021	-	192	192

The accounting policies and notes on pages 13 to 17 form part of these financial statements.

Marlin Europe V Limited

Notes to the financial statements For the year ended 31 December 2021

1. General information

Marlin Europe V Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is located at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP.

2. Basis of preparation and significant accounting policies

The basis of preparation and the accounting policies adopted are described below. These have been applied consistently throughout all periods presented.

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for the revaluation at current value of certain financial assets. These standards have been applied consistently throughout the current and preceding year.

The financial statements are presented in UK pounds sterling (£), which is the company's functional currency.

The Company has taken advantage of the following reduced disclosure requirements under FRS 101:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraph 10(d), 10(f) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the exemption in paragraph 8(k) of FRS 101 not to disclose transactions with Group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that Group.

2.2. Going concern

The Company ceased trading on 1 January 2020 following the Directors decision to transfer the beneficial interest of its loan portfolios to Cabot Financial (UK) Limited, a fellow subsidiary. The Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, these financial statements have been prepared on a basis other than going concern. The financial statements do not include any adjustments as a result of being prepared on a basis other than going concern.

Marlin Europe V Limited

Notes to the financial statements (continued) For the year ended 31 December 2021

2.2. Summary of significant accounting policies

Taxation

The tax credit represents the sum of the tax currently payable and deferred tax. It is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the year end date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary difference, the carry forward of unused tax credits and any unused losses. Such assets and liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is not probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities and assets 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 the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Interest receivable and interest payable

Interest income and expense represent amounts receivable and payable to parent and other Group undertakings.

Financial instruments

IFRS 9

The Group applied the simplified approach and recorded lifetime expected losses on all trade receivables and intercompany borrowings.

Marlin Europe V Limited

Notes to the financial statements (continued) For the year ended 31 December 2021

2.3. Summary of significant accounting policies (continued)

Financial assets

Trade and other receivables are classified as loans and receivables and are measured at cost less any impairment.

Financial liabilities

Financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, they are carried at amortised cost using the effective interest rate method.

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

Profit on ordinary activities before taxation is stated after charging auditor's remuneration of £10,000 (2020: loss of £20,000). Auditor's remuneration of £11,000 (2020: £9,200) with respect to the Company's audit fees for the year was borne by another group company.

The Company employs no staff directly and the directors of the Company did not receive any remuneration in the period.

4. Interest receivable and similar income

	2021 £000	2020 £000
Interest income from parent and other Group undertakings	189	236

5. Interest payable and similar charges

	2021 £000	2020 £000
Interest expense due to parent and other Group undertakings	179	233

Marlin Europe V Limited

Notes to the financial statements (continued) For the year ended 31 December 2021

6. Tax credit

The income tax credit comprises:

	2021 £000	2020 £000
Current tax		
Current tax on profit/(loss) for the year	-	(12)
Adjustments in respect of prior years	(8)	-
Total current tax	<u>(8)</u>	<u>(12)</u>

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the accounting profit/(loss) are as follows:

	2021 £000	2020 £000
Profit/(loss) before tax	<u>10</u>	<u>(62)</u>
Income tax calculated at standard UK corporation tax rate of 19.00% (2020: 19.00%)	2	(12)
Effects of:		
Adjustment in respect of prior periods	(8)	-
Effects of group relief	(2)	-
Total income tax credit	<u>(8)</u>	<u>(12)</u>

7. Trade and other receivables

	2021 £000	2020 £000
Amounts owed by Group undertakings	<u>184</u>	<u>5,677</u>

All amounts falling due within one year are presented within current assets as required by the Companies Act. Loans and amounts due from parent and other Group undertakings were unsecured, had no fixed repayment date and were repayable on demand. Interest on remaining balances was accrued on an arm's length basis.

8. Trade and other payables

	2021 £000	2020 £000
Amounts owed to Group undertakings	<u>-</u>	<u>5,503</u>

Amounts due to parent and other Group undertakings were unsecured, had no fixed repayment date and were repayable on demand. During 2020, interest on such balances was accrued on an arm's length basis prior to the balances being repaid within 2021.

Marlin Europe V Limited

Notes to the financial statements (continued) For the year ended 31 December 2021

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid:		
1 class "A" Ordinary share of £1, subscription price of £1	<u>1</u>	<u>1</u>

10. Contingent liabilities

The Company is party to guarantees in relation to borrowings within the Group. For details around such funding please refer to the Group consolidated financial statements.

11. Ultimate parent Company

The Company's immediate parent company is Marlin Unrestricted Holdings Limited, a company incorporated in England and Wales. The smallest and largest group of which the Company is a member and for which group financial statements are drawn up is Encore Capital Group, Inc. The Company's ultimate parent company is Encore Capital Group, Inc. ("Encore"), a company incorporated in Delaware, United States, whose consolidated financial statements are available on their website.

12. Events after the balance sheet date

The Directors have not identified any matters arising after balance sheet date that would require further adjustment to the reported financial results for the year ended 31 December 2021.