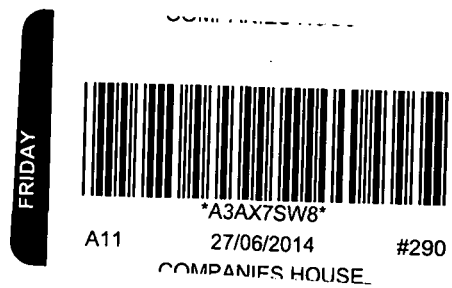


Company Registration No. 08346249

**Marlin Financial Intermediate II
Limited**

Annual Report and Financial Statements

31 December 2013



Marlin Financial Intermediate II Limited

Annual report and financial statements 2013

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Marlin Financial Intermediate II Limited

Officers and professional advisers

Directors

D Page
K Stannard
P Richardson
C Ross-Roberts

Secretary

W Wellinghoff

Registered Office

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

Bankers

Natwest Plc
City of London Office
P O Box 12258
1 Princes Street
London
EC2R 8PA

Independent auditor

Deloitte LLP
Chartered Accountants
Crawley
United Kingdom

Marlin Financial Intermediate II Limited

Strategic report

Business review

The company was incorporated as Marlin Financial Intermediate II Limited on 3 January 2013.

The company commenced trading on 14 February 2013.

The company made a loss of £3,333,199 providing finance to fellow group companies during the period.

The directors are looking at ways to further enhance its investments.

Principal risk and uncertainties

The company's business is to hold investments in debt collection companies so the indirect risks to the business include insufficient availability of funding, a lack of adequate quality portfolios being offered to the market, the reduction of collection rates on the debt portfolios owned by the company's subsidiaries due to the economic environment and the potential for regulatory action being taken against the company's subsidiaries. These risks are mitigated through oversight from management by regularly seeking new financing solutions at attractive rates and keeping abreast of opportunities to purchase new debt portfolios. Due to the recent successful financing and the purchase of new high performing debt portfolios this risk is currently low. Financial risk management objectives and policies

In addition, the company's activities expose it to a number of financial risks including, credit risk and liquidity risk:

Credit risk

Credit risk is primarily attributable to the amount due from group undertakings. The directors mitigate this risk through their oversight of the subsidiaries.

Liquidity risk

The company is confident it can manage working capital requirements to mitigate any liquidity risks. The directors anticipate being able to draw on the cash resources of the group as necessary to meet liquidity requirements.

Future outlook

No material changes are expected in the activities of the company.

Going concern

The parent group intends to continue its strategy of growth through the acquisition of portfolios and the directors have prepared budgets and forecasts, which include the Company, on this basis. Since the year end the group has been purchased by Cabot Financial Holdings Group Limited who are ultimately supported by Encore Capital Group Incorporated. Cabot has indicated their intention to continue to support the groups continued growth and will provide the financial support to achieve this. On this basis the Directors have a reasonable expectation that the Group and the Company 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 Financial Statements.

Non adjusting events

Non adjusting events have been disclosed in note 10 to the Financial Statements.

Approved by the Board and signed on its behalf by:



K Stannard
Director

26 June 2014

Marlin Financial Intermediate II Limited

Directors' report

The directors present their first annual report and the audited financial statements for the period ended 31 December 2013.

Share issue

The company issued 762,986 ordinary shares of £1 each.

Directors

The directors who served throughout the period, unless otherwise stated were as follows:

D J Page	(appointed 7 March 2013)
K Stannard	(appointed 19 February 2013)
J S Telford	(appointed 19 February 2013, resigned 23 April 2013)
P Richardson	(appointed 12 February 2013)
C Ross-Roberts	(appointed 10 February 2014)

Auditor

Deloitte LLP were appointed as auditor of the company during the period and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Information provided to the auditor

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that 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.

Approved by the Board and signed on its behalf by:



K Stannard
Director

26 June 2014

Marlin Financial Intermediate II Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Marlin Financial Intermediate II Limited

We have audited the financial statements of Marlin Financial Intermediate II Limited for the period from 3 January 2013 to 31 December 2013 which comprises of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 the auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. 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 company's affairs as at 31 December 2013 and of its loss for the period from 3 January 2013 to 31 December 2013;
- 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 Strategic Report and 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, 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.



Ian Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

27 June 2014

Marlin Financial Intermediate II Limited

Profit and loss account For the period ended 31 December 2013

	Note	Period from 3 January 2013 to 31 December 2013 £
Turnover		-
Cost of sales		-
		<hr/>
Gross profit		-
Administration expenses		(74,729)
		<hr/>
Operating loss		(74,729)
Finance charges (net)	3	(3,258,470)
		<hr/>
Loss on ordinary activities before taxation	2	(3,333,199)
Tax charge on loss on ordinary activities	4	-
		<hr/>
Loss on ordinary activities after taxation for the financial period	9	<u>(3,333,199)</u>

All the results for the current financial period derive from continuing operations.

There are no further recognised gains and losses for the current financial period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

The notes on pages 8 to 12 form part of the financial statements.

Marlin Financial Intermediate II Limited

Balance sheet As at 31 December 2013

	Note	2013 £
Fixed assets		
Investments	5	35,255,852
Current assets		
Debtors: Amounts falling due after more than one year	6	6,723,888
Debtors: Amounts falling due within one year	6	6,256,589
Total debtors		12,980,477
		<hr/> 12,980,477
Creditors: amounts falling due within one year	7	(790,814)
Net current assets		<hr/> 12,189,663
Total assets		<hr/> 47,445,515
Capital and reserves		
Called up share capital	8, 9	762,986
Share premium	9	50,015,728
Profit and loss account-deficit	9	(3,333,199)
Total shareholders' funds	9	<hr/> 47,445,515

The notes on pages 8 to 12 form part of the financial statements.

The financial statements of Marlin Financial Intermediate II Limited, registered number 08346249, were approved by the board of directors and authorised for issue on 26 June 2014.

They were signed on its behalf by:



K Stannard
Director

Marlin Financial Intermediate II Limited

Notes to the financial statements For the period ended 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current financial period.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The parent group intends to continue its strategy of growth through the acquisition of portfolios and the directors have prepared budgets and forecasts, which include the Company, on this basis. Since the year end the group has been purchased by Cabot Financial Holdings Group Limited who are ultimately supported by Encore Capital Group Incorporated. Cabot has indicated their intention to continue to support the groups continued growth and will provide the financial support to achieve this. On this basis the Directors have a reasonable expectation that the Group and the Company 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 Financial Statements.

Group accounts

The company is exempt from the preparation of group accounts under section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of Marlin Financial Group Limited which prepares consolidated accounts in which this company is included.

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 substantively enacted by the balance sheet date.

Deferred taxation is provided in full on material timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Marlin Financial Intermediate II Limited

Notes to the financial statements For the period ended 31 December 2013

1. Accounting policies (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Cash flow statement

The Company has taken advantage of the exemption given under FRS 1 (revised) not to produce a cash flow statement as the Company's ultimate parent undertaking, Marlin Financial Group Ltd, publishes a consolidated cash flow statement.

2. Loss on ordinary activities before taxation

The audit fee of £4,597 was borne by another group company.

The director's remuneration was borne by another group company. There were no accrued pension contributions at the end of the period.

3. Finance charges (net)

**Period ended
31 December
2013
£**

Other loans	3,258,470
	3,258,470

4. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

There is no tax charge for the period.

(b) Factors affecting current tax charge for the year

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK 23%. The differences are explained below:

	2013 £
Loss on ordinary activities before taxation	(3,333,199)
	(3,333,199)
Tax on loss on ordinary activities at standard rate	(766,636)
Effects of:	
Group tax losses surrendered	766,636
	766,636
Total actual amount of current tax	-

(c) Factors that may affect future tax charge

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

Marlin Financial Intermediate II Limited

Notes to the financial statements For the period ended 31 December 2013

5. Fixed asset investments

	Shares in group undertakings £
Cost	
Acquisitions	35,255,852
At 31 December 2013	<u>35,255,852</u>
Net book value	
At 31 December 2013	<u>35,255,852</u>

Principal Group investments

The company has investments in the following subsidiary undertakings and investments. The principal investments include the following:

Subsidiary undertakings	Country of incorporation and operation	Principal activity	Aggregate Capital and reserves	Profit/(loss) for the year	Holding %
Marlin Intermediate Holdings Limited	England and Wales	Holding company	32,892,184	(786,582)	100
Marlin Midway Limited	England and Wales	Holding company	33,660,680	-	100*
Black Tip Capital Holdings Limited	England and Wales	Holding company	35,977,130	(152,882)	100*
Marlin Senior Holdings Limited	England and Wales	Holding company	41,901,565	(11,836)	100*
Marlin Portfolio Holdings Limited	England and Wales	Management company	39,569,409	(1,482,330)	100*
Marlin Financial Services Limited	England and Wales	Debt Recovery	(2,970,716)	(2,641,944)	100*
Marlin Legal Services Limited	England and Wales	Provision of legal services	(947,201)	60,857	100*
Marlin Capital Europe Limited	England and Wales	Management of debt portfolios	1,304,396	326,887	100*
Marlin Europe I Limited	England and Wales	Management of debt portfolios	5,867,010	(968,852)	100*
Marlin Europe II Limited	England and Wales	Investment in debt portfolios	(2,036,733)	(1,695,387)	100*
ME III Limited	England and Wales	Management of debt portfolios	(5,255,494)	(2,330,076)	100*
MEIV Limited	England and Wales	Management of debt portfolios	(1,550,188)	(912,141)	100*
MCE Portfolio Limited	England and Wales	Management of debt portfolios	10,855,338	(2,690,868)	100*
MFS Portfolio Limited	England and Wales	Management of debt portfolios	(3,442,401)	(1,319,481)	100*

Marlin Financial Intermediate II Limited

Notes to the financial statements For the period ended 31 December 2013

6. Debtors

	2013 £
Amounts falling due within one year:	
Amounts owed by group undertakings	6,723,888
	<u>6,723,888</u>
Amounts falling due after more than one year:	
Amounts owed by group undertakings	<u>6,256,589</u>

7. Creditors

	2013 £
Amounts falling due within one year:	
Amounts owed to group undertakings	<u>790,814</u>

8. Called up share capital

	£
Called up, allotted and fully paid:	
762,986 ordinary shares of £1 each	<u>762,986</u>

The company issued 762,986 ordinary shares with a nominal value of £762,986, during the period for consideration of £35,255,852.

9. Combined reconciliation of the movement in Shareholders' Funds and statement of movements on reserves

	Called up share capital £	Share premium reserve £	Profit and loss account £	2013 Total £
On incorporation on 3 January 2013	-	-	-	-
New share issue	762,986	50,015,728	-	50,778,714
Loss for the year	-	-	(3,333,199)	(3,333,199)
	<u>762,986</u>	<u>50,015,728</u>	<u>(3,333,199)</u>	<u>47,445,515</u>
Balance at 31 December 2013	<u>762,986</u>	<u>50,015,728</u>	<u>(3,333,199)</u>	<u>47,445,515</u>

Marlin Financial Intermediate II Limited

Notes to the financial statements For the period ended 31 December 2013

10. Non adjusting events

On 10 February 2014 the entire share capital of the ultimate parent company was sold to Cabot Financial Holdings Group Limited.

11. Control and ultimate parent company

The ultimate parent company is Marlin Financial Group Limited and the ultimate controlling party is Encore Capital Group, Inc.

For the year ended 31 December 2013 and up until 9 February 2014 the ultimate controlling party was Duke Street General Partner Limited.

On 10 February 2014 Duke Street General Partner Limited sold its stake in the company to Cabot Financial Holdings Group Limited.

The immediate parent company is Marlin Financial Intermediate Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Marlin Financial Group Limited. Copies of the financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

12. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with other wholly owned group companies on the grounds that consolidated financial statements are prepared by a parent company.