

**Company Registration No. 08346249**

**Marlin Financial Intermediate II  
Limited**

**Annual Report and Financial Statements**

**31 December 2014**

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COMPANIES HOUSE

# **Marlin Financial Intermediate II Limited**

## **Annual report and financial statements 2014**

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# **Marlin Financial Intermediate II Limited**

## **Officers and professional advisers**

### **Directors**

D Page  
K Stannard  
P Richardson  
C Ross-Roberts

### **Secretary**

C Taggart

### **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**

BDO LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

# Marlin Financial Intermediate II Limited

## Strategic report

### Business review and principal activity

The company acts as a holding company to other group companies. The company made a profit of nil (2013 – loss of £3,333,199) providing finance to fellow group companies during the period.

The comparative figures shown are for the period from incorporation on 3 January 2013 to 31 December 2013.

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.

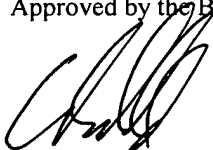
### Future outlook

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. During the year 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.

Approved by the Board and signed on its behalf by:



C Ross-Roberts  
Director

19 March 2015

# Marlin Financial Intermediate II Limited

## Strategic report

The directors present their first annual report and the audited financial statements for the period ended 31 December 2014.

### Share issue

The company issued no new shares in 2014. (2013 - 762,986, ordinary shares of £1 each.)

### Directors

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

D J Page  
K Stannard  
P Richardson  
C Ross-Roberts (appointed 10 February 2014)

### Auditor

Deloitte LLP resigned as statutory auditors with effect from 20 September 2014 and BDO LLP were appointed as auditors with effect from 18 December 2014.

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an 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:



C Ross-Roberts  
Director

19 March 2015

# **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 year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes. 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 auditors**

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 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 2014 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.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion 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.

## **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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLIN FINANCIAL INTERMEDIATE II LIMITED

*Brown*

*Dan Taylor (senior statutory auditor)*

*For and on behalf of BDO LLP, statutory auditor*

*London*

*United Kingdom*

*Date 19/3/15*

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



# Marlin Financial Intermediate II Limited

## Profit and loss account For the period ended 31 December 2014

		Year ended 31 December 2014 £	Period from 3 January 2013 to 31 December 2013 £
	Note		
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administration expenses		-	(74,729)
		<hr/>	<hr/>
Operating loss		-	(74,729)
Finance charges (net)	3	-	(3,258,470)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	2	-	(3,333,199)
Tax charge on profit/(loss) on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation for the financial period	9	-	(3,333,199)
		<hr/> <hr/>	<hr/> <hr/>

All of the above results are derived 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 9 to 13 form part of the financial statements.

# Marlin Financial Intermediate II Limited

## Balance sheet As at 31 December 2014

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Investments	5	41,512,440	35,255,852
<b>Current assets</b>			
Debtors: Amounts falling due after more than one year	6	9,397,006	6,723,888
Debtors: Amounts falling due within one year	6	-	6,256,589
Total debtors		9,397,006	12,980,477
		9,397,006	12,980,477
<b>Creditors: amounts falling due within one year</b>	7	(3,463,931)	(790,814)
<b>Net current assets</b>		5,933,075	12,189,663
<b>Total assets</b>		47,445,515	47,445,515
<b>Capital and reserves</b>			
Called up share capital	8, 9	762,986	762,986
Share premium	9	50,015,728	50,015,728
Profit and loss account - deficit	9	(3,333,199)	(3,333,199)
<b>Total shareholders' funds</b>	9	47,445,515	47,445,515

The notes on pages 9 to 13 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 19 March 2015.

They were signed on its behalf by:



C Ross-Roberts  
Director

# **Marlin Financial Intermediate II Limited**

## **Notes to the financial statements For the Period Ended 31 December 2014**

### **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.

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Generally Accepted Accounting Practice.

#### **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. During the year 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 Cabot Financial 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 2014

### 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 intermediate parent undertaking, Cabot Financial Limited, publishes a consolidated cash flow statement.

### 2. Profit/(loss) on ordinary activities before taxation

The audit fee of £2,500 (2013 - £4,597) was borne by another group company.

The director's remuneration was borne by another group company.

### 3. Finance charges (net)

	Year ended 31 December 2014	Period ended 31 December 2013
	£	£
Other loans	-	3,258,470

### 4. Tax on Profit/(loss) on ordinary activities

#### (a) Tax on profit/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 lower than that resulting from applying the standard rate of corporation tax in the UK 21.5% (2013 - 23%). The differences are explained below:

	2014	2013
	£	£
Profit/(loss) on ordinary activities before taxation	-	(3,333,199)
Tax on profit/(loss) on ordinary activities at standard rate	-	(766,636)
Effects of:		
Group tax losses surrendered	-	766,636
	-	766,636
<b>Total actual amount of current tax</b>	<b>-</b>	<b>-</b>

#### (c) Factors that may affect future tax charge

The Finance Act 2014, which reduced the main rate of UK corporation tax to 21% effective from 1 April 2014, was enacted on 17 July 2013. As this change in rate was substantively enacted prior to 31 December 2014 it has been reflected in the deferred tax assets and liabilities at 31 December 2014.

# Marlin Financial Intermediate II Limited

## Notes to the financial statements For the Period Ended 31 December 2014

### 5. Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2014	35,255,852
Acquisitions	6,256,588
	<hr/>
At 31 December 2014	41,512,440
	<hr/>
<b>Net book value</b>	
At 31 December 2013	35,255,852
	<hr/>

### Principal Group investments

The company has investments in the following subsidiary undertakings and investments. The principal investments include the following and are all ordinary share capital. (\* denotes indirect investment):

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	38,243,419	(905,353)	100
Marlin Midway Limited	England and Wales	Holding company	39,917,268	-	100*
Black Tip Capital Holdings Limited	England and Wales	Holding company	43,556,727	1,323,009	100*
Marlin Senior Holdings Limited	England and Wales	Holding company	77,815,177	(4,553)	100*
Marlin Portfolio Holdings Limited	England and Wales	Management company	74,943,658	(543,919)	100*
Cabot Financial (Marlin) Limited	England and Wales	Debt Recovery	(3,276,068)	694,648	100*
Marlin Legal Services Limited	England and Wales	Provision of legal services	(820,517)	126,684	100*
Marlin Capital Europe Limited	England and Wales	Management of debt portfolios	406,013	(898,483)	100*
Marlin Europe I Limited	England and Wales	Management of debt portfolios	10,600,514	1,440,486	100*
Marlin Europe II Limited	England and Wales	Investment in debt portfolios	8,249,014	(1,345,722)	100*
ME III Limited	England and Wales	Management of debt portfolios	8,557,755	89,097	100*
MEIV Limited	England and Wales	Management of debt portfolios	5,257,477	(1,496,741)	100*
MCE Portfolio Limited	England and Wales	Management of debt portfolios	13,091,729	2,236,391	100*
MFS Portfolio Limited	England and Wales	Management of debt portfolios	5,891,442	(915,002)	100*

# Marlin Financial Intermediate II Limited

## Notes to the financial statements For the Period Ended 31 December 2014

### 6. Debtors

	2014 £	2013 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	9,397,006	6,723,888
	<u>9,397,006</u>	<u>6,723,888</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	-	6,256,589
	<u>-</u>	<u>6,256,589</u>

### 7. Creditors

	2014 £	2013 £
<b>Amounts falling due within one year:</b>		
Amounts owed to group undertakings	3,463,931	790,814
	<u>3,463,931</u>	<u>790,814</u>

### 8. Called up share capital

	2014 £	2013 £
<b>Called up, allotted and fully paid:</b>		
762,986 ordinary shares of £1 each	762,986	762,986
	<u>762,986</u>	<u>762,986</u>

### 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 £	2014 Total £
At 31 January 2014	762,986	50,015,728	(3,333,199)	47,445,515
Profit for the year	-	-	-	-
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 2014**

### **10. Control and ultimate parent company**

The company's ultimate parent company and controlling party is Encore Capital Group Inc ("Encore"), a company incorporated under the laws of the State of Delaware. 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 smallest group in which the results of the company are consolidated is that headed by Cabot Financial Limited. Copies of the financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The largest group in which the results of the company are consolidated are Encore Capital Group Inc. Copies of the financial statements can be obtained from their website ([www.encorecapital.com](http://www.encorecapital.com)).

### **11. 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.