

**Company Registration No. 11063547**

**Cabot Securitisation Topco Limited**

**Annual Report and Financial Statements  
For the year ended 31 December 2020**



# **Cabot Securitisation Topco Limited**

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# **Cabot Securitisation Topco Limited**

## **Officers and professional advisors**

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

### **Directors**

P Jenkins  
T Hernanz

### **Company Secretary**

S Whiteley

### **Auditors**

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

### **Registered office**

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

## **Cabot Securitisation Topco Limited**

### **Strategic Report For the year ended 31 December 2020**

#### **Overview**

The Directors present the Strategic Report, Directors' Report and the financial statements of Cabot Securitisation Topco Limited (the "Company") for the year ended 31 December 2020.

The Company is a member of the Encore Capital Group, Inc. group ("the Group").

The Company's principal activity is that of a holding company within the Group.

#### **Business review and results**

The profit before tax for the year amounts to £nil (2019 – £nil).

As the performance of the Cabot Securitisation Topco Limited is linked to the performance of the Group, Key Performance Indicators relating to the Company's trading which are appropriate for an understanding of the development, performance or position of the business can be found in the financial statements of the Group.

#### **Principal risks and uncertainties**

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

The Company is exposed through its operations to the following principle risks:

<b>Risk</b>	<b>Definition</b>	<b>Impact</b>	<b>Mitigation</b>
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 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.

## Cabot Securitisation Topco Limited

### Strategic Report (continued) For the year ended 31 December 2020

#### Principal Risks and Uncertainties (*continued*)

Risk	Definition	Impact	Mitigation
Regulatory Risk	Failure of the 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 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 the 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 the 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>	<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).</p>

## Cabot Securitisation Topco Limited

### Strategic Report (continued) For the year ended 31 December 2020

#### Principal Risks and Uncertainties (continued)

Risk	Definition	Impact	Mitigation
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 Group's processes and meet the ISO27001 standard.
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 Group maintaining a customer focussed approach to the business strategy, which minimizes such risk.
Vendor / Operational Risk	Risk of restrictions placed on the 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 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 Group, which may have an adverse effect on the Company's financial condition, financial returns or results of operations.	The 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.

## **Cabot Securitisation Topco Limited**

### **Strategic Report (continued) For the year ended 31 December 2020**

#### ***Going concern and liquidity risk***

The Company's core business is that of a holding company. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group.

The Directors have reviewed the position of the Group and its ability to provide any support as may be necessary. Based on this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has seen no material impact as a result of COVID-19. Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

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

T Hernanz  
Director



22/06/2021

## **Cabot Securitisation Topco Limited**

### **Directors' Report for the year ended 31 December 2020**

The Directors present their report for the year ended 31 December 2020.

#### **Results and dividends**

The audited financial statements and related notes for the year ended 31 December 2020 are set out on pages 12 to 18. The Company's result for the year after taxation was a profit of £nil (2019: £nil).

The Directors do not recommend the payment of a dividend in the year (2019: £nil).

#### **Directors**

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

- C Buick (resigned 31 December 2020)
- D Usher (resigned 31 December 2020)
- P Jenkins (appointed 31 December 2020)
- T Hernanz (appointed 31 December 2020)

#### **Political donations**

The Company made no political contributions.

#### **Covid-19 pandemic**

Throughout 2020 Cabot has continuously adapted to the changing environment which resulted from the impact of the COVID-19 (coronavirus) outbreak. As well as evolving working procedures both within our offices and via the adoption of widespread working from home practices, we continue to recognise the impact that this has on our customers and have tailored our approach accordingly.

Although the COVID-19 outbreak has demonstrated Cabot's ability to withstand significant external disruption whilst maintaining full operational capability, we remain very alert to this ongoing crisis and will continue to monitor and adapt where required to both protect colleagues welfare and maintain service for customers, in particular for those who may require additional support during this very difficult time.



## **Cabot Securitisation Topco Limited**

### **Directors' Report (continued) for the year ended 31 December 2020**

#### **Auditors**

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

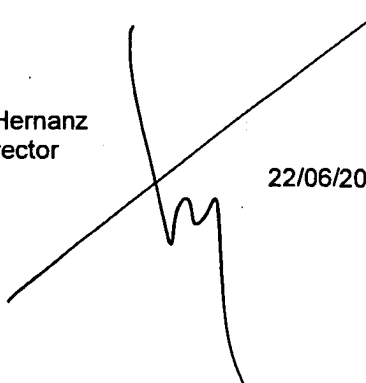
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's 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 of Directors and signed on behalf of the Board

T Hernanz  
Director

22/06/2021



## **Cabot Securitisation Topco Limited**

### **Statement of Directors' responsibilities for the year ended 31 December 2020**

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; 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.

## **Cabot Securitisation Topco Limited**

### **Independent auditor's Report to the members of Cabot Securitisation Topco 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 2020 and of its result 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 Cabot Securitisation Topco Limited ("the Company") for the year ended 31 December 2020 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### **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.

## **Cabot Securitisation Topco Limited**

### **Independent auditor's Report to the members of Cabot Securitisation Topco 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.

#### **Matters on which we are required to report by exception**

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.

## **Cabot Securitisation Topco Limited**

### **Independent auditor's Report to the members of Cabot Securitisation Topco 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 and other adjustments in the general ledger.

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.

**BDO LLP**

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

Date **23 June 2021**

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

## **Cabot Securitisation Topco Limited**

### **Statement of comprehensive income For the year ended 31 December 2020**

	<b>Notes</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Profit after tax and total comprehensive income for the financial period</b>		<b>-</b>	<b>-</b>

The accounting policies and notes on pages 15 to 18 form part of these financial statements.

# Cabot Securitisation Topco Limited

## Statement of financial position As at 31 December 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Investments	3	1	2
		<u>1</u>	<u>2</u>
<b>Current assets</b>			
Trade and other receivables	4	1	1
		<u>1</u>	<u>1</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	5	(1)	(2)
		<u>(1)</u>	<u>(2)</u>
<b>Net current liabilities</b>		<u>-</u>	<u>(1)</u>
<b>Total assets less current liabilities</b>		<u>1</u>	<u>1</u>
<b>Net assets</b>		<u>1</u>	<u>1</u>
<b>Equity</b>			
Called up share capital	6	1	1
<b>Total shareholders' funds</b>		<u>1</u>	<u>1</u>

These financial statements of Cabot Securitisation Topco Limited, with registered number 11063547, were approved by the Board of Directors and authorised for issue on 22/06/2021.

Signed on behalf of the Board of Directors by:

T Hernanz  
Director

The accounting policies and notes on pages 15 to 18 form part of these financial statements.

**Cabot Securitisation Topco Limited**

**Statement of changes in equity  
As at 31 December 2020**

	Share Capital	Accumulated earnings	Total
	£	£	£
As at 1 January 2019	1	-	1
Comprehensive income for the period:	-	-	-
As at 31 December 2019	<u>1</u>	<u>-</u>	<u>1</u>
Comprehensive income for the period:			
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income			
As at 31 December 2020	<u>1</u>	<u>-</u>	<u>1</u>

The accounting policies and notes on pages 15 to 18 form part of these financial statements.



# Cabot Securitisation Topco Limited

## Notes to the financial statements For the year ended 31 December 2020

### 1. General information

Cabot Securitisation Topco Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is located at 1 Kings Hill Avenue, Kings Hill, West Malling, ME19 4UA.

The principal activity of the Company is that of a holding company within the Encore Capital Group, Inc. group.

### 2. Basis of preparation and significant accounting policies

#### 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 period.

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

The Company has taken advantage of the following 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 requirements of 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.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 as it is a wholly owned indirect subsidiary of Encore Capital Group, Inc. and its results are included in the consolidated financial statements of that company. These financial statements therefore present information about the Company as an individual entity alone.

#### 2.2. Going concern

The Company's core business is that of a holding company within the Group. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group other Group companies have undertaken to continue to provide such financial support to the Company as it may require.

The Directors have reviewed the position of the Group and its ability to provide any support as may be necessary. Based on this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has seen no material impact as a result of COVID-19. Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

# **Cabot Securitisation Topco Limited**

## **Notes to the financial statements For the year ended 31 December 2020**

### **2.3. Summary of significant accounting policies**

#### **Investments**

Investments in subsidiaries are recognised at cost less provision for impairment.

#### **Intercompany borrowings**

The Directors have deemed that loans to other group undertakings are at a market rate and therefore the carrying value of the loans are an accurate approximation of fair value.

#### ***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.

## Cabot Securitisation Topco Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 3. Investment in subsidiaries

	Investment in subsidiary undertakings £
At 1 January 2020	2
Disposed during the year	(1)
At 31 December 2020	<u>1</u>

The company disposed of its investment in Cabot Securitisation UK Holdings II Limited during the year.

Information regarding the principal subsidiary undertaking of the Company is as follows:

Subsidiary undertaking	Country of incorporation	Principal activity	% shares held
Cabot Securitisation UK Holdings Limited	Great Britain	Holding company	100

The registered address of the subsidiary is 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4AU.

#### 4. Trade and other receivables

	2020 £	2019 £
Amounts owed by Group undertakings	<u>1</u>	<u>1</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 are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued on an arm's length basis.

The Company considers that the carrying amounts of the financial assets included above are a reasonable approximation of their fair value due to their short-term nature.

#### 5. Trade and other payables

	2020 £	2019 £
Amounts owed to Group undertakings	<u>1</u>	<u>2</u>

Amounts due to parent and other Group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued but not paid, at an arm's length basis. The Company considers that the carrying amounts of the financial liabilities included above are a reasonable approximation of their fair value due to their short-term nature.

## **Cabot Securitisation Topco Limited**

### **Notes to the financial statements For the year ended 31 December 2020**

#### **6. Share capital**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:		
1 Ordinary share of £1.00 each, subscription price of £1.00	<b>1</b>	<b>1</b>

#### **7. 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.

#### **8. Ultimate parent Company**

The Company's immediate parent company is Cabot Financial Debt Recovery Services 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.