



**ANDERSEN**

**Kings Hill (No. 2) Limited**

Financial statements for the year ended  
31 December 2001 together with directors'  
and auditors' reports

Registered number: 3958421



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## Directors' report

For the year ended 31 December 2001

The directors present their report on the affairs of Kings Hill (No. 2) Limited ("the Company"), together with the financial statements and auditors' report, for the year ended 31 December 2001.

### Activities and business review

The Company was incorporated on 28 March 2000 and commenced trading on 23 April 2001.

The Company's core business is the purchase and recovery of non-performing consumer loans in the United Kingdom.

### Results and dividends

The audited financial statements for the year ended 31 December 2001 are set out on pages 1 to 9. The Company loss for the year, after taxation was £20,557. The Company profit for the nine month period, after taxation was £nil. The directors do not recommend payment of a dividend.

### Directors and directors' interests

The directors who held office during the year were as follows:

James R. Clark  
Kenneth W. Maynard (appointed 30 January 2001)  
Glen P. Crawford (appointed 30 January 2001)

The directors who held office during the year do not have any interests in the shares of the Company.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which 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 1985. 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.

Directors' report (continued)

**Auditors**

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

10 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent ME19 4LT

By order of the Board,

A handwritten signature in black ink, appearing to read 'Glen P. Crawford', written over a faint horizontal line.

Glen P. Crawford

30 April 2002

Director

**To the shareholders of Kings Hill (No. 2) Limited**

We have audited the financial statements of Kings Hill (No. 2) Limited for the year ended 31 December 2001 which comprise the Profit and loss account, the Balance sheet and the related notes numbered 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1a) to the financial statements concerning the preparation of the financial statements on the going concern basis. Our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2001 and of the Company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

180 Strand

London

WC2R 1BL

30 April 2002

## Profit and loss account

For the year ended 31 December 2001

		Year ended 31 December 2001 £	9 month period ended 31 December 2000 £
	Notes		
<b>Turnover</b>	2	85,892	-
Cost of collections		(60,124)	-
Servicing fees paid		(25,768)	-
<b>Gross profit</b>		-	-
Administration expenses		(4,671)	-
<b>Operating loss</b>	3	(4,671)	-
Interest payable	4	(15,886)	-
<b>Loss on ordinary activities before taxation</b>		(20,557)	-
Tax on ordinary activities	6	-	-
<b>Loss for the year after taxation</b>		(20,557)	-

A reconciliation of movement in shareholders' funds is given in note 9.

All the turnover in the current year arose from continuing operations. There are no recognised gains or losses in the year other than the loss for the year.

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

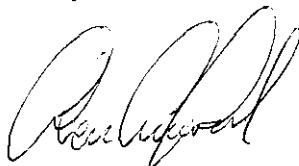
## Balance sheet

As at 31 December 2001

	Note	2001 £	2000 £
<b>Current assets</b>			-
Debtors		<u>1</u>	<u>1</u>
		1	1
<b>Creditors: Amounts falling due within one year</b>	7	<u>(20,557)</u>	-
<b>Net current liabilities</b>		<u>(20,557)</u>	-
<b>Net liabilities</b>		<u>(20,556)</u>	<u>1</u>
<b>Capital and reserves</b>			
Called-up share capital	8	1	1
Profit and loss account		<u>(20,557)</u>	-
<b>Equity shareholders' funds</b>	9	<u>(20,556)</u>	<u>1</u>

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

The financial statements on pages 5 to 9 were approved by the Board of Directors on 30 April 2002 and signed on its behalf by:



Glen P. Crawford

Director

## Notes to the financial statements

For the year ended 31 December 2001

### 1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

#### *a) Basis of preparation*

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

#### *b) Turnover*

Turnover represents amounts collected from customers.

#### *c) Income recognition on loan portfolios*

Income is recognised using a full cost recovery basis (all the cash is applied against the cost of the portfolio) until sufficient information is available to estimate the total collections that are likely to be received over the life of the portfolio. At this point income is recognised using a yield basis as described below.

Total collections are estimated on a prudent basis reflecting the characteristics and quality of the portfolio on acquisition together with the collection experience since acquisition. A yield on each portfolio is calculated using total estimated collections by portfolio or subcategory of portfolio. The yield percentage is applied to allocate amounts collected from customers between profit and the cost of the loan portfolio.

#### *d) Loan portfolios*

Non-performing loan portfolios are purchased from financial institutions at a substantial discount from their face amounts and are recorded at the time of acquisition as the Company's cost to acquire the portfolio.

#### *e) Cash flow statement*

Under the provisions of FRS 1 (Revised) "Cash Flow Statements", the Company has not provided a cash flow statement. This is because the Company is a wholly owned subsidiary of its parent undertaking Cabot Financial Debt Recovery Services Limited whose consolidated financial statements are publicly available.

#### *f) Taxation*

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



## Notes to the financial statements (continued)

### 2 Turnover

The turnover and pre-tax loss is all attributable to the Company's principal activity.

	2001 £	2000 £
Collections	<u>85,892</u>	<u>-</u>

### 3 Operating loss

Operating loss is stated after charging:

Auditors' remuneration

- For audit work

- For non-audit work

Other professional fees

	2001 £	2000 £
	996	-
	1,500	-
	175	-
	<u>          </u>	<u>          </u>

### 4 Interest payable and similar charges

	2001 £	2000 £
Interest payable to group companies	<u>15,886</u>	<u>-</u>

### 5 Staff costs

There were no employees in the Company during the year ended 31 December 2001 (2000: nil). The directors received no remuneration in the year (2000: £nil).

### 6 Tax on loss on ordinary activities

There was no tax charge for the year ended 31 December 2001 (2000: £nil).

### 7 Creditors

	2001 £	2000 £
Amounts falling due within one year:		
Amounts due to group companies	18,061	-
Accruals	2,496	-
	<u>20,557</u>	<u>-</u>

## Notes to the financial statements (continued)

### 8 Called up share capital

	2001 £	2000 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted and unpaid</i>		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 9 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Loss for financial year	<u>(20,557)</u>	-
Net reduction in shareholders' funds	<u>(20,557)</u>	-
Opening shareholders' funds	-	-
Closing shareholders' funds	<u>(20,557)</u>	-

### 10 Ultimate parent company and related party transactions

The Company is a wholly owned subsidiary of Cabot Financial Debt Recovery Services Limited and is included in the consolidated financial statements of Cabot Financial Debt Recovery Services Limited and Cabot Financial Holdings Limited its parent company. Consequently, the Company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Cabot Financial Holdings Limited group.