

Company Registration No. 3958421

**Financial Investigations and
Recoveries (Europe) Limited**

Report and Financial Statements

Year ended 31 October 2006



Financial Investigations and Recoveries (Europe) Limited

Report and financial statements 2006

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Financial Investigations and Recoveries (Europe) Limited

Report and financial statements 2006

Officers and professional advisers

Directors

K W Maynard
G P Crawford
J D Randall

Secretary

J D Randall

Registered office

Glebe House
2 Clifton Road
Rugby
CV21 3PX

Bankers

Barclays Bank PLC
54 Lombard Street
London
EC3V 9EX

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditors

Deloitte & Touche LLP
London

Financial Investigations and Recoveries (Europe) Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 October 2006

Principal activities and business review

The Company's principal business activity is the servicing of defaulted consumer receivables on behalf of the owners of the debt

Turnover has increased in line with expectations throughout the year to October 2006 as the supply of debt available for servicing continues to grow. The Directors expect this trend to continue in the coming year when the full year impact of current customer payment plans will be realised by the business.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Results and dividends

The audited financial statements for the year ended 31 October 2006 are set out on pages 6 to 12. The Company's profit for the year after taxation was £78,333 (2005 - £20,821). The directors do not recommend payment of a dividend (2005 - £nil).

The directors expect the level of business to continue to grow throughout the coming year.

Directors and their interests

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

K W Maynard

G P Crawford

J D Randall

The interests in the group held by directors during the period from 1 November 2005 until 7 April 2006 relate only to Cabot Financial Holdings Group Limited and are disclosed in that company's financial statements. The interests in the group held by the directors since 7 April 2006 relate to Cabot Financial Group Limited and are disclosed in that company's financial statements.

Supplier payment policy

It is the Company's policy to abide by the terms of payment agreed with suppliers.

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

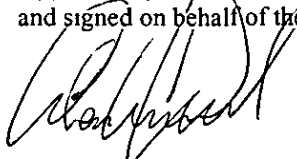
Financial Investigations and Recoveries (Europe) Limited

Directors' report

Auditors (continued)

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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



G P Crawford
Director

28 February 2007

Financial Investigations and Recoveries (Europe) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. 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, 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 to 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.

Independent auditors' report to the members of Financial Investigations and Recoveries (Europe) Limited

We have audited the financial statements of Financial Investigations and Recoveries (Europe) Limited for the year ending 31 October 2006 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 October 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

28 February 2007

Financial Investigations and Recoveries (Europe) Limited

Profit and loss account Year ended 31 October 2006

	Notes	2006 £	2005 £
Turnover	2	378,680	73,692
Gross profit		378,680	73,692
Administration expenses		(275,650)	(43,466)
Operating profit		103,030	30,226
Interest receivable and similar income	3	11,320	-
Interest payable and similar charges	4	(2,445)	(482)
Profit on ordinary activities before taxation	5	111,905	29,744
Tax on profit on ordinary activities	7	(33,572)	(8,923)
Profit on ordinary activities after taxation		78,333	20,821

A reconciliation of movements in shareholders' funds is given in note 11

All the above arises from continuing operations. There are no other gains or losses other than the profit recognised in the profit and loss account for the current or preceding year and accordingly no statement of total recognised gains and losses is given.

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

Financial Investigations and Recoveries (Europe) Limited

Balance sheet

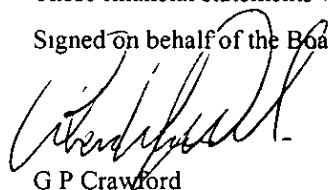
As at 31 October 2006

	Notes	2006 £	2005 £
Current assets			
Cash at bank and in hand		204,655	38,239
Debtors	8	74,440	-
		<u>279,095</u>	<u>38,239</u>
Creditors: amounts falling due within one year	9	<u>(200,497)</u>	<u>(37,974)</u>
Net current assets		<u>78,598</u>	<u>265</u>
Total assets less current liabilities		<u>78,598</u>	<u>265</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		78,597	264
Shareholders' funds	11	<u>78,598</u>	<u>265</u>

The accompanying notes are an integral part of this balance sheet

These financial statements were approved by the Board of Directors on 28 February 2007

Signed on behalf of the Board of Directors



G P Crawford

Director

Financial Investigations and Recoveries (Europe) Limited

Notes to the financial statements Year ended 31 October 2006

1. Accounting policies

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents fees receivable from the servicing of loans on behalf of third parties.

Interest

Interest received and payable are recognised on an accruals basis.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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 Cabot Financial Holdings Group Limited, which prepares such a statement.

2. Turnover

Turnover represents fees receivable from the servicing of loans on behalf of third parties.

Financial Investigations and Recoveries (Europe) Limited

Notes to the financial statements (continued) Year ended 31 October 2006

3. Interest receivable and similar income

	2006 £	2005 £
Interest receivable from group companies	11,320	-

4. Interest payable and similar charges

	2006 £	2005 £
Interest payable to group companies	2,445	482

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging auditors' remuneration

The auditors' remuneration with respect to audit fees for the year of £11,750 (2005 - £11,750) was borne by the Company's intermediate holding company, Cabot Financial Group Limited

6. Staff costs

There were no employees of the Company during the year ended 31 October 2006 (2005 - none) The directors received no remuneration in the year (2005 - £nil) All of the costs associated with the operation are borne by a fellow subsidiary of the ultimate parent undertaking with an inter-group service fee charged to the Company

7. Tax on profit on ordinary activities

	2006 £	2005 £
Current tax		
Group relief at 30%	33,572	8,923

The Company has no provided or un-provided deferred tax

8. Debtors

	2006 £	2005 £
Amounts owed by group companies	74,440	-

Financial Investigations and Recoveries (Europe) Limited

Notes to the financial statements (continued) Year ended 31 October 2006

9. Creditors: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	4,667	618
Amounts owed to group companies	195,830	37,356
	<u>200,497</u>	<u>37,974</u>

10. Called up share capital

	2006 £	2005 £
Authorised:		
100 (2005 - 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and paid:		
1 (2005 - 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

11. Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Result for financial year	<u>78,333</u>	<u>20,821</u>
Net addition to shareholders' funds	78,333	20,821
Opening shareholders' funds/(deficit)	265	(20,556)
Closing shareholders' funds	<u>78,598</u>	<u>265</u>

Financial Investigations and Recoveries (Europe) Limited

Notes to the financial statements (continued)

Year ended 31 October 2006

12. Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with group companies, as it is a wholly owned subsidiary. There were no other related party transactions or balances requiring disclosures.

13. Ultimate parent company

The Company's immediate parent company is Cabot Financial Debt Recovery Services Limited. The smallest group of which the Company is a member and for which group financial statements are drawn up is Cabot Financial Holdings Group Limited.

For the period from 1 November 2005 to 7 April 2006, the directors regarded Cabot Financial Holdings Group Limited, a company incorporated in the UK, as the ultimate parent company and the ultimate controlling party and its results are included in the consolidated financial statements of that company, as the largest group of which the Company was a member. Copies of the financial statements of Cabot Financial Holdings Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

On 7 April 2006, Cabot Financial Holdings Group Limited was acquired by Cabot Financial Limited, a company wholly owned by Cabot Financial Group Limited, a company incorporated in the UK. The results of the Company are included in the consolidated financial statements of Cabot Financial Group Limited. Since 7 April 2006 the ultimate UK parent undertaking is NPIL Hold Co Limited and the directors believe that consolidated accounts will be prepared by this company. The ultimate parent undertaking is Nikko Cordial Corporation, a company listed on the Tokyo Stock Exchange in Japan, and the directors believe that consolidated accounts will be prepared for this company, making it the largest group of which the Company was a member post-7 April 2006. Copies of the financial statements are available from www.nikko.jp.