Company Registration No. 08260772

Marlin Europe V Limited

Strategic Report, Directors' Report and Financial Statements
For the year ended 31 December 2015

Marlin Europe V Limited

Contents
For the year ended 31 December 2015

Marlin Europe V Limited

Officers and professional advisors

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

Directors

K Stannard
P Richardson
C Buick

Secretary

C Taggart

Auditors

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

Bankers

National Westminster Bank PLC
City of London Office
PO BOX 12258
1 Princess Street
London
EC2R 8PA

Registered office

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

Marlin Europe V Limited

Strategic Report
For the year ended 31 December 2015

Overview

The Directors present the Strategic Report, Directors' Report and the financial statements of Marlin Europe V Limited (the "Company") for the year ended 31 December 2015.

The Company's principal activity is the holding of non-performing loan portfolios on behalf of third parties.

The Directors believe that the Group (as outlined in note 10) is the largest acquirer and manager of defaulted consumer debt from financial services companies in the United Kingdom based on the value of debt portfolios on its statement of financial position at 31 December 2015.

From inception in 1998 to 31 December 2015, the Group has invested £1.7 billion in the acquisition of 1,319 loan portfolios with an aggregate face value of £17.5 billion, comprising over 7.5 million customer accounts and generating a 120-Month ERC at 31 December 2015 of £1.9 billion. Over 98% of these loan portfolios (as measured by purchase price) were acquired from financial institutions.

The core strategy of the operating model is to generate cash-flow by maximizing cash collections over the life of the debt portfolios acquired whilst ensuring we are treating our customers fairly. Since it began pursuing this strategy the estimated future gross cash collections from its existing loan portfolios, or 120-Month ERC, has grown from £422 million as at 31 October 2009 to £1.9 billion at 31 December 2015.

During the year the Company transitioned from UK GAAP to FRS 101 – *reduced disclosure framework* and has taken advantage of the disclosure exemptions allowed under this standard. The company's parent undertaking, Marlin Unrestricted Holdings Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. The effects of the adoption of FRS 101 are shown in note 12.

Future developments

Following the Group acquisition of Marlin, DLC, Mortimer Clarke Solicitors and Gesif, the Cabot Group continues to build on its newly formed complementary capabilities to strengthen their combined position in the market place. By leveraging each other's core strengths, the Group is expanding their ability to grow revenues across a broad range of debt types and create further operational efficiencies by applying industry expertise and sharing best practices.

Business review and results

The following tables summarises the key performance indicators used by the Directors to assess the performance of the Company as of the dates and periods indicated.

(£ in thousands, except for percentages)	2015 £000	2014 £000	Change
Shareholders' funds	-	-	-

Principal risks and uncertainties

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

- Cash flow and credit risk;
- Interest rate risk; and
- Going concern and liquidity risk.

Marlin Europe V Limited

Strategic Report
For the year ended 31 December 2015

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this section.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents; and
- Trade and other payables;

A summary of the financial instruments held by category is provided below:

Financial assets

	Assets at fair value through profit or loss		**Cash and receivables**	
(£000)	**2015**	**2014**	**2015**	**2014**
Cash and cash equivalents	-	-	-	1,250
Trade and other receivables (note 6)	-	395	-	-
Total financial assets	**-**	**395**	**-**	**1,250**

Financial liabilities

	Financial liabilities at amortised cost	
(£000)	**2015**	**2014**
Trade and other payables (note 7)	-	1,645
Total financial liabilities	**-**	**1,645**

Cash flow and credit risk

As described in note 10 to the financial statements, the Company is a member of the Encore Capital Group Inc (the "Group") and therefore its financial risk management objectives and policies are intrinsically linked to those of the Group. Consolidated accounts for the Group are drawn up for Encore Capital Group Incorporate.

The purchase and collection of defaulted consumer receivables carries a substantial amount of cash risk due to the underlying volatility in the collection characteristics of these assets. To mitigate these risks the Group has developed, and continues to refine detailed management reporting on individual portfolio performance and re-forecasts future collections on each portfolio on a monthly basis.

Due to the long-term nature of the collection strategies employed, the Company will continue to be exposed to possible changes in legislation and economic trends. To mitigate these risks, senior employees of the Group play an active role in trade and industry bodies to ensure that any changes in the legislative collections environment are monitored and assessed as soon as practically possible. To mitigate economic risk the Company does not generally enter into long-term fixed-price purchasing arrangements with duration of more than one year.

Interest rate risk

All decisions in relation to the hedging of interest rate risk are made by the Board of Directors of Cabot Financial Limited. The Group had an interest rate cap to manage its risk to changes in interest rates which expired on 14 December 2015, the fair value of which at 31 December 2014 was £nil. The Directors do not consider a scenario which changes this fair valuation to be material.

Going concern and liquidity risk

The Company's core business is the holding of non-performing loan portfolios on behalf of third parties.

The financial position of the Company and liquidity position are described in the financial statements on pages 10 to 19. The Company made an operating profit for the year of £nil (2014: £nil) and had net current assets at 31 December 2015 of £nil (2014: £nil). Total equity shareholders' funds at 31 December 2015 were £nil (2014: £nil).

The Group to which the Company belongs (see note 10) has long-term debt financing at 31 December 2015 comprising of Senior Secured Loan Notes due 2019 of £265.0 million issued on 20 September 2012, Senior Secured Loan Notes due 2020 of £150.0 million issued on 25 July 2013, Senior Secured Loan Notes due 2020 of £100.0 million issued on 2 August 2013, Senior Secured Loan Notes due 2021 of £175.0 million issued 27 March 2014 and Senior Secured Loan Notes due 2021 of €310.0 million issued 11 November 2015 (£690.0 million at 31 December 2014). The Company meets its day to day working capital requirements, including the purchase of portfolios, through its own cash resources supplemented by a revolving credit facility ("RCF") and bank loans.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group 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 statement.

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

C Buick
Director
21/09/2016

Directors' Report
For the year ended 31 December 2015

The Directors present their report for the year ended 31 December 2015.

Results and dividends

The audited financial statements and related notes for the year ended 31 December 2015 are set out on pages 10 to 19. The Company's result for the year after taxation was a profit of £nil (2014: £nil).

The Directors do not recommend payment of a dividend (2014: £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 Ross-Roberts (resigned 31 December 2015)
- K Stannard
- P Richardson
- D Page (resigned 31 October 2015)
- C Buick (appointed 31 December 2015)

Financial instruments

The Group's financial instruments primarily comprise bonds, Senior Secured loan notes and bank facilities. The principal purpose of these is to raise funds for the Group's operations. In addition various other financial instruments such as trade payables and trade receivables arise directly from its operations.

The key financial risks and uncertainties affecting the Group and management objectives and policies taken to mitigate these risks are set out within the Strategic Report on pages 2 to 4.

Disabled employees

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event that members of staff become disabled every effort is made to ensure that their employment with the Company continues. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the Company. This is achieved through formal and informal meetings and the company e-mail updates. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests both informally and via the quarterly meetings of the "Communication and Consultative Committee".

Statement of Directors' responsibilities for the year ended 31 December 2015

Qualifying third party indemnity provisions

The Company has arranged qualifying third party indemnity for all of its Directors.

Political donations

The Company made no political contributions (2014: £nil).

Future developments

Any future developments affecting the Company are set out in the Strategic Report on pages 2 to 4.

Directors' statement as to disclosure of information to 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/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 of Directors and signed on behalf of the Board

C Buick
Director
21/09/2016

Statement of Directors' responsibilities for the year ended 31 December 2015

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and with 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 the 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 applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 Europe V Limited

We have audited the financial statements of Marlin Europe V Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditor

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.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Marlin Europe V Limited

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.

BDO LLP

Matthew Hopkins (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
London
21 September 2016

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

Marlin Europe V Limited

Statement of comprehensive income
For the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Profit on ordinary activities before taxation	4	-	-
Tax expense	5	-	-
Profit and total comprehensive income for the financial period		-	-

The notes on pages 13 to 19 form part of these financial statements.

All of the above results are derived from continuing operations.

Marlin Europe V Limited

Statement of financial position
As at 31 December 2015

	Notes	**2015** **£000**	2014 £000
Current assets			
Trade and other receivables	6	-	395
Cash in bank and on hand		-	1,250
		-	1,645
Creditors: amounts falling due within one year			
Trade and other payables	7	-	(1,645)
		-	(1,645)
Net current assets		-	-
Total assets less current liabilities		-	-
Net assets		-	-
Equity			
Called up share capital	8	-	-
Retained earnings		-	-
Total shareholders' funds		-	-

The notes on pages 13 to 19 form part of these financial statements.

These financial statements of Marlin Europe V Limited, with registered number 08260772 were approved by the Board of Directors and authorised for issue on 21/09/ 2016.

Signed on behalf of the Board of Directors by:

C Buick
Director

Marlin Europe V Limited

Statement of changes in equity
As at 31 December 2015

	Notes	Share Capital	Accumulated losses	Total
		£000	£000	£000
As at 1 January 2014		-	-	-
Comprehensive income for the period:				
Profit/(loss) for the period		-	-	-
Total comprehensive income		-	-	-
Contributions by and distributions to owners:				
Dividends		-	-	-
As at 31 December 2014		-	-	-
Adjustment on restated balance		-	-	-
As at 31 December 2014 (restated)		-	-	-
Comprehensive income for the period:				
Profit/(loss) for the period		-	-	-
Total comprehensive income		-	-	-
Contributions from and distributions to owners:				
Dividends		-	-	-
As at 31 December 2015		-	-	-

The notes on pages 13 to 19 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2015

1. Corporate information

The financial statements of Marlin Europe V Limited ("the Company") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of Directors on 21 September 2016. Cabot Financial Limited is a limited company incorporated and domiciled in England and Wales. The registered office is located at marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP

The principal activities of the Company comprise the holding on non-performing loan portfolio's on behalf of third parties.

2. 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). 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 and preceding year.

The Company has taken advantage of the following disclosure requirements under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)–(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business combinations*;
- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91 to 99 of *IFRS 13 Fair Value Measurement*;
- the requirements of paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information requirements in respect of:
  (i) Paragraph 79(a)(iv) of IAS 1;
  (ii) Paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  (iii) Paragraph 118(e) of IAS 38 *Intangible assets*;
- The requirements of paragraph 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraph 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures* and also the requirement to disclose related party transactions entered into between two or more members of a group, provided than any subsidiary which is party to the transaction is wholly owned by such a member; and
- the requirements of 134(d)-(f) and 135(c)-(e) of IAS 36 *Impairment of Assets*.

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 Incorporated 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.

The results of Marlin Europe V Limited are included in the consolidated financial statements of Encore Capital Group Incorporated which are available from their website (www.encorecapital.com)

2.2. Going Concern

The Company's core business is the holding of non-performing loan portfolios on behalf of third parties.

The financial position of the Company and liquidity position are described in the financial statements and notes to the accounts on pages 10 to 19. The Company made an operating profit for the year of £nil (2014: £nil) and had net current assets at 31 December 2015 of £nil (2014: £nil). Total equity shareholders' funds at 31 December 2015 were £nil (2014: £nil).

The Group to which the Company belongs (see note 10) has long-term debt financing at 31 December 2015 comprising of Senior Secured Loan Notes due 2019 of £265.0 million issued on 20 September 2012, Senior Secured Loan Notes due 2020 of £150.0 million issued 25 July 2013, Senior Secured Loan Notes due 2020 of £100.0 million issued on 2 August 2013, Senior Secured Loan Notes due 2021 of £175.0 million issued 27 March 2014 and Senior Secured Floating Rate Loan Notes due 2021 of €310.0m issued on 11 November 2015 (2014: £690.0 million).

The Company meets its day to day working capital requirements, through its own cash resources supplemented by a revolving credit facility and bank loans. The assets of the Company have been pledged as security for the Senior Secured Loan Notes due 2019, 2020 and 2021 and the senior secured revolving credit facility.

The Group has remained compliant during the year to 31 December 2015 with all the covenants contained in the senior secured loan notes issued and senior secured revolving credit facility. The Group's latest forecasts and cash flow projections have been reviewed and do not indicate any significant uncertainty over the Group's ability to operate within the requirements of the financing arrangements in place and therefore to continue as a going concern.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group 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 accounts.

2.3. Summary of significant accounting policies

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in the statement of comprehensive income except to the extent that is relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax
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 year end date.

Current tax assets and liabilities are offset only if certain criteria are met.

2.3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Financial instruments

Derivatives
Derivatives are measured initially at fair value and subsequently re-measured to their fair value at each reporting date. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, included discounted cash flow models and option pricing models as appropriate. All derivatives are included as assets when their fair value is positive, and liabilities when their fair value is negative. The fair value of the derivatives has been classified a "Level 2" fair value measurement.

Financial assets
All financial assets are initially recognised at the transaction date, at which point, IAS 39 *Financial Instruments: Recognition and Measurement* requires that financial instruments be classified into the following categories; at fair value through profit and loss, loans and receivables, held-to-maturity investments or available for sale.

Loan portfolios and trade and other receivables are classified as loans and receivables and measured at amortised cost using the effective interest method, less any impairment.

Financial instruments are required to be measured using a fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of those instruments. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3. Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities are carried at amortised cost using the effective interest rate method.

Borrowings

Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance fees are accounted for in the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.4. First-time adoption of FRS 101

These financial statements for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101. For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP).

The Company has prepared financial statements which comply with FRS 101 applicable for periods ending on or after 31 December 2015, together with comparative period data as at and for the year ending 31 December 2014. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2014, the Company's date of transition to FRS 101. An explanation of how the transition to FRS 101 has affected the reporting financial position and financial performance of the Company has been provided in note 11.

2.5. Changes in accounting policies and disclosures

Recent accounting pronouncements

The standards and interpretations that are issued, but not yet effective are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. During 2015, the Company begun performing a high-level impact assessment of IFRS 9 and is currently determining the potential impact.

2.5. Changes in accounting policies and disclosures (continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.

The Company plans to adopt the new standard on the required effective date.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after January 1, 2016. They include:

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that impact the reported amounts of revenue, expenses, assets and liabilities and the associated disclosures.

4. Operating profit

Operating profit is stated after charging/(crediting) the following:

	2015	2014
	£000	£000
Auditors remuneration [a]	-	-

[a] *Auditors remuneration with respect to the Company's audit fees for the year was borne by Cabot Financial (Marlin) Limited, a fellow group company.*

5. Tax

The income tax expense comprises:

	2015	2014
	£000	£000
Current tax		
Corporation tax	-	-
Total current tax	-	-
Total income tax expense	-	-

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the accounting profit are as follows:

	2015	2014
	£000	£000
Profit before tax	-	-
Income tax expense calculated at standard UK hybrid corporation tax rate of 20.25% (2014: 21.50%)	-	-
Total income tax expense	-	-

The Finance Act 2015, which reduced the main rate of UK corporation tax to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was enacted on 26 March 2015. As this change in rate was substantively enacted prior to 31 December 2015 it has been reflected in the deferred tax assets and liabilities at 31 December 2015.

6. Trade and other receivables

	2015	2014
	£000	£000
Prepayments and accrued income	-	395
	-	395

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.

7. Trade and other payables

	2015	2014
	£000	£000
Other payables	-	1,645
	-	1,645

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.

8. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid:		
1 class "A" Ordinary shares of £1 each, subscription price of £1	-	-
	-	-

9. Related party transactions

The Company has taken advantage of the exemption in 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.

10. Ultimate parent company

The Company's immediate parent company is Marlin Unrestricted Holdings Limited, a company incorporated in England and Wales. 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.

11. First time adoption of FRS 101

As stated in note 2.4, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 2.3 have been applied in preparing the financial statements for the period ending 31 December 2015, the comparative information, and in the preparation of an opening FRS 101 statement of financial position at 1 January 2014 (the Company's date of transition). In preparing its opening FRS 101 statement of financial position, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with UK GAAP.