

Company Registration No. 3958421

**Financial Investigations and
Recoveries (Europe) Limited
(formerly Kings Hill (No. 2) Limited)**

Report and Financial Statements

Year ended 31 October 2005



**Financial Investigations and Recoveries (Europe) Limited
(formerly Kings Hill (No. 2) Limited)**

Report and financial statements 2005

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**Financial Investigations and Recoveries (Europe) Limited (formerly
Kings Hill (No. 2) Limited)**

Report and financial statements 2005

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 (formerly Kings Hill (No. 2) Limited)

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 October 2005.

Activities

The Company's principal business activity is the servicing of defaulted consumer receivables on behalf of the owners of the debt. The Company started trading during September 2005.

Results and dividends

The audited financial statements for the year ended 31 October 2005 are set out on pages 5 to 9. The Company's profit for the year after taxation was £20,821 (2004 - £nil). The directors do not recommend payment of a dividend (2004 - £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, except as noted below, were as follows:

K W Maynard

G P Crawford

J D Randall (appointed 8 December 2005)

The interests in the group held by directors during the year relate only to Cabot Financial Holdings Group Limited and are disclosed in that company's financial statements.

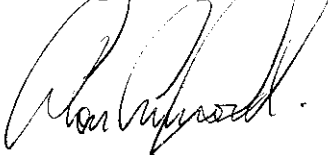
Supplier payment policy

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

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor 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

10 January 2006

Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited)

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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; 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 the system of internal control, 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 (formerly Kings Hill (No. 2) Limited)

We have audited the financial statements of Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited) for the year ended 31 October 2005 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.

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 opinion we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

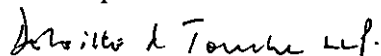
Basis of opinion

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 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 of the state of the company's affairs at 31 October 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

10 January 2006

Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited)

**Profit and loss account
Year ended 31 October 2005**

	Note	2005 £	2004 £
Turnover	2	73,692	-
Gross profit		73,692	-
Administration expenses		(43,466)	-
Operating profit	3	30,226	-
Interest payable and similar charges	4	(482)	-
Profit on ordinary activities before tax		29,744	-
Tax on profit on ordinary activities	6	(8,923)	-
Profit for the year after taxation		20,821	-
Retained profit for the year		20,821	-

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.

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

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

Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited)

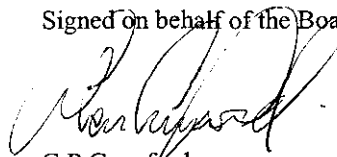
**Balance sheet
As at 31 October 2005**

	Note	2005 £	2004 £
Current assets			
Cash at bank and in hand		38,239	1
		<u>38,239</u>	<u>1</u>
Creditors: amounts falling due within one year			
	7	(37,974)	(20,557)
		<u>265</u>	<u>(20,556)</u>
Net current liabilities			
		<u>265</u>	<u>(20,556)</u>
Total assets less current assets/(liabilities)			
		<u>265</u>	<u>(20,556)</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account		264	(20,557)
		<u>265</u>	<u>(20,556)</u>
Equity shareholders' funds/(deficit)			
	9	<u>265</u>	<u>(20,556)</u>

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

These financial statements were approved by the Board of Directors on 10 January 2006.

Signed on behalf of the Board of Directors



G P Crawford

Director

Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited)

Notes to the financial statements Year ended 31 October 2005

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.

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.

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

The turnover recorded in the accounts represents commissions earned on payments received from debtors.

Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited)

**Notes to the financial statements
Year ended 31 October 2005**

3. Operating profit

Operating profit is stated after charging:

	2005 £	2004 £
Auditors' remuneration		
- for audit work	-	-
- for non-audit work	-	-
	<u> </u>	<u> </u>

The auditors' remuneration has been borne by a fellow subsidiary of the ultimate parent undertaking in the current and prior years.

4. Interest payable and similar charges

	2005 £	2004 £
Interest payable to group companies	482	-
	<u> </u>	<u> </u>

5. Staff costs

There were no employees of the Company during the year ended 31 October 2005 (2004 - none). The directors received no remuneration in the year (2004 - £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.

6. Tax on profit on ordinary activities

	2005 £	2004 £
Current tax		
Group relief at 30%	8,923	-
	<u> </u>	<u> </u>

The Company has no provided or un-provided deferred tax.

7. Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	618	-
Amounts owed to group companies	37,356	20,557
	<u> </u>	<u> </u>
	<u>37,974</u>	<u>20,557</u>

Financial Investigations and Recoveries (Europe) Limited (formerly Kings Hill (No. 2) Limited)

**Notes to the financial statements
Year ended 31 October 2005**

8. Called up share capital

	2005 £	2004 £
Authorised:		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and paid:		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

9. Reconciliation of movement in shareholders' funds

	2005 £	2004 £
Result for financial year	20,821	-
	<u>20,821</u>	<u>-</u>
Net addition to shareholders' funds	20,821	-
Opening shareholders' deficit	(20,556)	(20,556)
	<u>(20,556)</u>	<u>(20,556)</u>
Closing shareholders' funds/(deficit)	265	(20,556)
	<u>265</u>	<u>(20,556)</u>

10. Ultimate parent company and related party transactions

Financial Investigations and Recoveries (Europe) Limited is a wholly owned indirect subsidiary of Cabot Financial Holdings Group Limited, its ultimate parent undertaking, and its results are included in the consolidated financial statements of that company (the largest group). The Company is also consolidated in the financial statements of Cabot Financial Holdings Limited (the smallest group). 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 Group Limited group. The consolidated financial statements of Cabot Financial Holdings Group Limited group are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.