

KINGS HILL (NO. 2) LIMITED

Report and Financial Statements

Year ended 31 October 2003

**Deloitte & Touche LLP
London**



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KINGS HILL (NO. 2) LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2003

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KINGS HILL (NO. 2) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

CS SCF Management Limited
K W Maynard
G P Crawford

SECRETARY

J D Randall

REGISTERED OFFICE

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

BANKERS

Barclays Bank PLC
54 Lombard Street
London
EC3V 9EX

SOLICITORS

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

KINGS HILL (NO. 2) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 October 2003.

ACTIVITIES

The Company's principal business activity was formerly the purchase and recovery of non-performing consumer loans in the United Kingdom. The Company did not trade during the year.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 October 2003 are set out on pages 5 to 9. The Company result for the year, after taxation was £nil (10 months to 31 October 2002 - £nil). The directors do not recommend payment of a dividend (10 months to 31 October 2002 - £nil).

The directors expect the level of business activity within the group to remain constant 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

CS SCF Management Limited

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

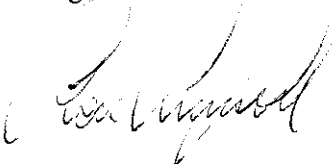
SUPPLIER PAYMENT POLICY

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

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. 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

15 December 2003

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 KINGS HILL (NO 2) LIMITED

We have audited the financial statements of Kings Hill (No. 2) Limited for the year ended 31 October 2003 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

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 United Kingdom 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.

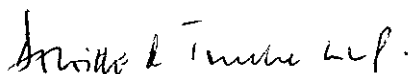
Basis of opinion

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 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 2003 and of the result 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

15 December 2003

KINGS HILL (NO. 2) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 October 2003

	Note	Year ended 31 October 2003 £	10 months to 31 October 2002 £
TURNOVER	2	-	-
Cost of collections		-	-
Servicing fees paid		-	-
		<hr/>	<hr/>
GROSS PROFIT		-	-
Administration expenses		-	-
		<hr/>	<hr/>
OPERATING LOSS	3	-	-
Interest payable and similar charges	4	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	6	-	-
		<hr/>	<hr/>

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

The Company did not trade during the year to 31 October 2003 or the previous period. There are no recognised gains or losses in the financial period and accordingly no statement of total recognised gains and losses is presented.

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

KINGS HILL (NO. 2) LIMITED

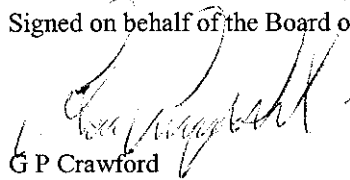
BALANCE SHEET As at 31 October 2003

	Note	31 October 2003 £	31 December 2002 £
CURRENT ASSETS			
Cash at bank and in hand		<u>1</u>	<u>1</u>
		1	1
CREDITORS: amounts falling due within one year			
	7	<u>(20,557)</u>	<u>(20,557)</u>
NET CURRENT LIABILITIES			
		<u>(20,556)</u>	<u>(20,556)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>(20,556)</u>	<u>(20,556)</u>
CAPITAL AND RESERVES			
Called up share capital	8	<u>1</u>	<u>1</u>
Profit and loss account		<u>(20,557)</u>	<u>(20,557)</u>
EQUITY SHAREHOLDERS' DEFICIT			
	9	<u>(20,556)</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 15 December 2003

Signed on behalf of the Board of Directors



G P Crawford

Director

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Funding

Cabot Financial Debt Recovery Services Limited provides a loan facility and agrees pursuant to such a facility to subordinate repayment of the loan to the extent that it will not demand repayment of all or part of the loan at any time when the making of such payment by the Company would cause the Company to be unable to discharge its liabilities to any other party.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

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 Limited who prepare such a statement.

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.

2. TURNOVER

The Company did not trade during the year or the previous period.

3. OPERATING LOSS

Operating loss is stated after charging:

	Year ended 31 October 2003 £	10 months to 31 October 2002 £
Auditors' remuneration		
- for audit work	-	-
- for non-audit work	-	-
	<u> </u>	<u> </u>

The auditors' remuneration is being borne by the Company's parent undertaking.

KINGS HILL (NO. 2) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 October 2003

4. INTEREST PAYABLE AND SIMILAR CHARGES

There was no interest payable to group companies during the year ended 31 October 2003 (10 months to 31 October 2002 – nil).

5. STAFF COSTS

There were no employees of the Company during the year ended 31 October 2003 (2002 - none). The directors received no remuneration in the year (2002 - £nil).

6. TAX ON LOSS ON ORDINARY ACTIVITIES

There was no tax charge for the year ended 31 October 2003 (2002 - £nil).

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 October 2003 £	31 October 2002 £
Amounts owed to group companies	20,557	18,061
Accruals	-	2,496
	<u>20,557</u>	<u>20,557</u>

8. CALLED UP SHARE CAPITAL

	31 October 2003 £	31 October 2002 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and paid:		
1 ordinary share of £1 each	1	1

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for financial year	-	-
Net reduction in shareholders' funds	-	-
Opening shareholders' deficit	(20,556)	(20,556)
Closing shareholders' deficit	<u>(20,556)</u>	<u>(20,556)</u>

KINGS HILL (NO. 2) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 October 2003

10. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The Company's ultimate parent Company is C.S. Structured Credit Fund Ltd, a Company incorporated in the Cayman Islands. Cabot Financial Debt Recovery Services Ltd is the Company's immediate parent and controlling Company.

The Company is a wholly owned subsidiary of Cabot Financial Holdings Limited and is included in the consolidated financial statements of that 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. The consolidated financial statements of Cabot Financial Holdings Limited are available from Companies House.