

Company Registration No. 3958421

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

Report and Financial Statements

Year ended 31 October 2007

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Financial Investigations and Recoveries (Europe) Limited

Report and financial statements 2007

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Financial Investigations and Recoveries (Europe) Limited

Report and financial statements 2007

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
1 Churchill Place
London
E14 5HP

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 2007

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 for the year to October 2007 fell short of expectations as the average payment received has reduced despite the increase in debt available for servicing. The Directors expect this to improve in the coming year

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 2007 are set out on pages 5 to 9. The Company's loss for the year after taxation was £21,660 (2006 – profit £78,333). The directors do not recommend payment of a dividend (2006 - £nil)

Directors

The directors who held office throughout the year were as follows

K W Maynard
G P Crawford
J D Randall

Supplier payment policy

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

Auditors

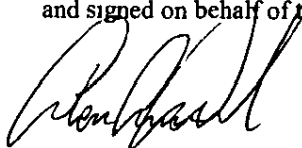
Each of the persons who is a director at the date of approval of this report confirms that

- 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

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
31 January 2008

Financial Investigations and Recoveries (Europe) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 UK 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.

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 2007 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 12. 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

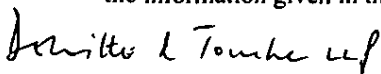
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its loss 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

Chartered Accountants and Registered Auditors

London

31 January 2008

Financial Investigations and Recoveries (Europe) Limited

Profit and loss account Year ended 31 October 2007

	Notes	2007 £	2006 £
Turnover		<u>271,514</u>	<u>378,680</u>
Gross profit		271,514	378,680
Administration expenses		<u>(303,565)</u>	<u>(275,650)</u>
Operating (loss)/profit		(32,051)	103,030
Interest receivable and similar income	2	3,400	11,320
Interest payable and similar charges	3	<u>(2,292)</u>	<u>(2,445)</u>
(Loss)/profit on ordinary activities before taxation	4	(30,943)	111,905
Tax on profit on ordinary activities	6	<u>9,283</u>	<u>(33,572)</u>
(Loss)/profit on ordinary activities after taxation		<u><u>(21,660)</u></u>	<u><u>78,333</u></u>

A reconciliation of movement in shareholders' funds is given in note 10

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 2007

	Notes	2007 £	2006 £
Current assets			
Cash at bank and in hand		12,853	204,655
Debtors	7	251,552	74,440
		<u>264,405</u>	<u>279,095</u>
Creditors: amounts falling due within one year	8	<u>(207,467)</u>	<u>(200,497)</u>
Net current assets		<u>56,938</u>	<u>78,598</u>
Total assets less current liabilities		<u>56,938</u>	<u>78,598</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		56,937	78,597
Shareholders' funds	10	<u>56,938</u>	<u>78,598</u>

The accompanying notes are an integral part of this balance sheet

These financial statements were approved by the Board of Directors on 31 January 2008

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 2007

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 and is recognised on an accrual basis.

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 substantially 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.

Financial Investigations and Recoveries (Europe) Limited

Notes to the financial statements (continued) Year ended 31 October 2007

2. Interest receivable and similar income

	2007	2006
	£	£
Interest receivable from group companies	<u>3,400</u>	<u>11,320</u>

3. Interest payable and similar charges

	2007	2006
	£	£
Interest payable to group companies	<u>2,292</u>	<u>2,445</u>

4. Loss/profit on ordinary activities before taxation

Loss/profit on ordinary activities before taxation is stated after charging auditors' remuneration

The auditors' remuneration with respect to audit fees for the year of £12,000 (2006 - £11,750) was borne by the Company's intermediate holding company, Cabot Financial Holdings Group Limited

5. Staff costs

There were no employees of the Company during the year ended 31 October 2007 (2006 - none) The directors received no remuneration in the year (2006 - £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

	2007	2006
	£	£
Current tax		
Group relief at 30%	<u>(9,283)</u>	<u>33,572</u>

The Company has no provided or un-provided deferred tax

7. Debtors

	2007	2006
	£	£
Amounts owed by group companies	<u>251,552</u>	<u>74,440</u>

Financial Investigations and Recoveries (Europe) Limited

Notes to the financial statements (continued) Year ended 31 October 2007

8. Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	4,991	4,667
Amounts owed to group companies	202,476	195,830
	<u>207,467</u>	<u>200,497</u>

9. Called up share capital

	2007 £	2006 £
Authorised:		
100 (2006 - 100) ordinary shares of £1	<u>100</u>	<u>100</u>
Allotted, called up and paid:		
1 (2006 - 1) ordinary share of £1	<u>1</u>	<u>1</u>

10. Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Result for financial year	(21,660)	78,333
Net (reduction)/addition to shareholders' funds	(21,660)	78,333
Opening shareholders' funds	<u>78,598</u>	<u>265</u>
Closing shareholders' funds	<u>56,938</u>	<u>78,598</u>

11. 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.

12. 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.

Cabot Financial Holdings Group Limited is wholly owned by Cabot Financial Limited, a company wholly owned by Cabot Financial Group Limited, a company incorporated in Great Britain and registered in England and Wales. The results of the Company are included in the consolidated financial statements of Cabot Financial Group Limited. The ultimate UK parent undertaking is NPIL Hold Co Limited and the directors believe that consolidated accounts will be prepared by this company. For the period to 9 May 2007 the ultimate parent undertaking was Nikko Cordial Corporation, a company listed on the Tokyo Stock Exchange in Japan. On 9 May 2007 Nikko Cordial Corporation was acquired by Citigroup Inc, a company listed on the New York Stock Exchange in the United States, making it the largest group of which the company was a member post 9 May 2007. Copies of the financial statements are available from Citigroup Inc, 399 Park Avenue, New York, NY 10043.