

Company Registration No. 03958421

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

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



Financial Investigations and Recoveries (Europe) Limited

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Financial Investigations and Recoveries (Europe) Limited

Officers and professional advisors

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

Directors

C Buick
K Stannard

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

Apex House
27 Arden Street
Stratford-Upon-Avon
Warwickshire
CV37 6NW



Financial Investigations and Recoveries (Europe) Limited

Strategic Report For the year ended 31 December 2015

Overview

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

The principal activity of the Company is the provision of recovery services in respect of defaulted consumer loans in the United Kingdom on behalf of fellow group companies within the Cabot Financial Limited Group (the "Group") for which it receives a service fee.

The Directors believe that the Group (as outlined in note 14) 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 £2.0 billion. Over 97% 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 £422.0 million as at 31 October 2009 to £2.0 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, Cabot Financial Debt Recovery Services 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 15.

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 the 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	2014	Change
	£000	£000	
Operating (loss)/profit	(1)	186	-100%
Shareholders' funds/(deficit)	1	(310)	-100%

Financial Investigations and Recoveries (Europe) Limited

Strategic Report For the year ended 31 December 2015

Principal risks and uncertainties

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

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

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.

Cash flow and credit risk

As described in note 14 to the financial statements, the Company is a member of the Cabot Financial Limited Group (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 Cabot Financial Limited.

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.

Going concern and liquidity risk

The Company's core business is the provision of recovery services in respect of defaulted consumer loans in the United Kingdom on behalf of fellow group companies within the Cabot Financial Limited Group (the "Group") for which it receives a service fee. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group.

The financial position of the Company and liquidity position are described in the financial statements on pages 10 to 21. The Company made an operating profit for the year of £2.0 million (2014: Loss £0.4 million) and had net current assets at 31 December 2015 of £0.07 million (2014: £21.2 million). Total equity shareholders' funds at 31 December 2015 were £0.07 million (2014: deficit £10.1 million).

Financial Investigations and Recoveries (Europe) Limited

Strategic Report For the year ended 31 December 2015

Going concern and liquidity risk (continued)

The Group to which the Company belongs (see note 14) 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 Group to which the Company belongs 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.

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 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 financial statement.

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



C Buick
Director

9 | 9 | 2016



Financial Investigations and Recoveries (Europe) Limited

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 21. The Company's result for the year after taxation was a loss of £0.004 million (2014: profit £0.1 million)

The Directors paid a dividend of £0.6 million (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
- 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.

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.

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.

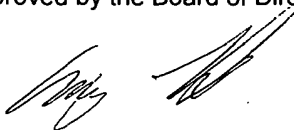


Financial Investigations and Recoveries (Europe) Limited

Directors' report for the year ended 31 December 2015

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

9 1 2 1 2016



Financial Investigations and Recoveries (Europe) Limited

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 Financial Investigations and Recoveries (Europe) Limited

We have audited the financial statements of Financial Investigations and Recoveries (Europe) 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 loss 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 Financial Investigations and Recoveries (Europe) 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.



Daniel Taylor (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
London

9/9 2016

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

Financial Investigations and Recoveries (Europe) Limited

Statement of comprehensive income For the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Revenue	4	-	259
Administration expenses		(1)	(73)
Operating (loss)/profit	3	(1)	186
Finance income	5	9	24
Finance cost	6	(13)	(38)
(Loss)/profit on ordinary activities before taxation		(5)	172
Tax credit/(charge)	7	1	(37)
(Loss)/profit and total comprehensive income for the financial period		(4)	135

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

All of the above results are derived from continuing operations.

Financial Investigations and Recoveries (Europe) Limited

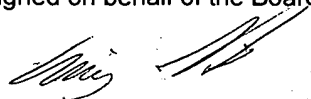
Statement of financial position As at 31 December 2015

	Notes	2015 £000	2014 £000
Current assets			
Trade and other receivables	8	1	562
		<u>1</u>	<u>562</u>
Creditors: amounts falling due within one year			
Trade and other payables	9	-	(872)
		<u>-</u>	<u>(872)</u>
Net current assets/(liabilities)		<u>1</u>	<u>(310)</u>
Net assets/(liabilities)		<u>1</u>	<u>(310)</u>
Equity			
Called up share capital	10	-	-
Capital contribution reserve		886	-
Retained earnings		(885)	(310)
Total shareholders' funds		<u>1</u>	<u>(310)</u>

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

These financial statements of Financial Investigations and Recoveries (Europe) Limited, with registered number 03958421, were approved by the Board of Directors and authorised for issue on 9/9/2016.

Signed on behalf of the Board of Directors by:



C Buick
Director

Financial Investigations and Recoveries (Europe) Limited

Statement of changes in equity As at 31 December 2015

	Notes	Share Capital	Capital contribution reserve	Accumulated losses	Total
		£000	£000	£000	£000
As at 1 January 2014		-	-	(445)	(445)
<i>Comprehensive income for the period:</i>					
Profit for the period		-	-	135	135
Other comprehensive income for the period		-	-	-	-
Total comprehensive income		-	-	135	135
<i>Contributions by and distributions to owners:</i>					
Dividends		-	-	-	-
As at 31 December 2014		-	-	(310)	(310)
<i>Comprehensive income for the period:</i>					
Loss for the period		-	-	(4)	(4)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income		-	-	(4)	(4)
<i>Contributions from and distributions to owners:</i>					
Dividends	11	-	-	(571)	(571)
Capital contributions		-	886	-	886
As at 31 December 2015		-	886	(885)	1

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

Financial Investigations and Recoveries (Europe) Limited

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

1. Corporate information

The financial statements of Financial Investigations and Recoveries (Europe) Limited for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of Directors on 1 September 2016. Financial Investigations and Recoveries (Europe) Limited is a limited company incorporated and domiciled in England and Wales. The registered office is located at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent. ME19 4UA.

The principal activity of the Company is the provision of recovery services in respect of defaulted consumer loans in the United Kingdom on behalf of fellow group companies within the Cabot Financial Limited Group (the "Group") for which it receives a service fee.

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 paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraph 10(d), 10(f), 38(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of paragraph 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and,
- 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 that any subsidiary which is party to the transaction is wholly owned by such a member.

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 Cabot Financial Limited 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 Financial Investigations and Recoveries (Europe) Limited are included in the consolidated financial statements of Cabot Financial Limited which are available from 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

Financial Investigations and Recoveries (Europe) Limited

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

2. Significant accounting policies (continued)

Going Concern

The Company's core business is the provision of recovery services in respect of defaulted consumer loans in the United Kingdom on behalf of fellow group companies within the Cabot Financial Limited Group (the "Group") for which it receives a service fee. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group.

The financial position of the Company and liquidity position are described in the financial statements and notes to the accounts on pages 13 to 19. The Company made an operating loss for the year of £0.004 million (2014: profit £0.2 million) and had net current assets at 31 December 2015 of £0.001 million (2014: net current liabilities £0.3 million). Total equity shareholders' funds at 31 December 2015 were £0.001 million (2014: deficit £0.3 million).

The Group to which the Company belongs (see note 14) 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 Group to which the Company belongs meets its day to day working capital requirements, including the purchase of portfolios, 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.

2.2. 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 it 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.

Financial Investigations and Recoveries (Europe) Limited

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

2.2. Summary of significant accounting policies (continued)

Finance income and costs

Interest income and expense are recognised using the effective interest rate method.

Finance costs include facility fees on bank loans and similar costs and fair value adjustments on interest rate derivatives.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less provision for impairment.

2.3. 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 15.

2.4. 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 began performed a high-level impact assessment of IFRS 9 and is currently determining the potential impact. IFRS 9 is yet to be endorsed by the EU.

Financial Investigations and Recoveries (Europe) Limited

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

2.4. Changes in accounting policies and disclosures (continued)

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. Operating (loss)/profit

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

	2015 £000	2014 £000
Auditors remuneration ^(a)	<u>1</u>	<u>1</u>

^(a) *The analysis of auditor remuneration is as set out below. All amounts stated include attributable VAT.*

	2015 £000	2014 £000
Fees payable to the Company's auditors:		
For the audit of the Company's financial statements	<u>1</u>	<u>1</u>
Total audit fees	<u>1</u>	<u>1</u>
Total fees and expenses paid to the auditor (inc VAT)	<u>1</u>	<u>1</u>

4. Revenue

Revenue wholly arises in the UK. An analysis of revenue by activity is as follows:

	2015 £000	2014 £000
Servicing fees	<u>-</u>	<u>259</u>

Financial Investigations and Recoveries (Europe) Limited

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

5. Finance income

	2015 £000	2014 £000
Interest income from parent and other Group undertakings ^(a)	<u>9</u>	<u>24</u>

^(a) Interest receivable from parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances.

6. Finance expense

	2015 £000	2014 £000
Interest expense due to parent and other Group undertakings ^(a)	<u>13</u>	<u>38</u>

^(a) Interest payable to parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances.

7. Tax

The income tax (income)/expense comprises:

	2015 £000	2014 £000
Current tax		
Corporation tax	<u>(1)</u>	<u>37</u>
Total income tax (income)/expense	<u>(1)</u>	<u>37</u>

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 £000	2014 £000
(Loss)/profit before tax	<u>(5)</u>	<u>172</u>
Income tax (credit)/expense calculated at standard UK hybrid corporation tax rate of 20.25% (2014: 21.50%)	<u>(1)</u>	<u>37</u>
Total income tax (income)/expense	<u>(1)</u>	<u>37</u>

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 October 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.

Financial Investigations and Recoveries (Europe) Limited

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

8. Trade and other receivables

	2015 £000	2014 £000
Amounts owed by other Group undertakings	<u>1</u>	<u>562</u>

Amounts due from other Group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued on an arm's length basis. See note 13 for further details.

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.

9. Trade and other payables

	2015 £000	2014 £000
Amounts owed to parent undertakings	-	104
Amounts owed to other Group undertakings	-	768
	<u>-</u>	<u>872</u>

Interest accrued on amounts owed to parent and other Group undertakings is at an arm's length basis and is accrued, not paid. See note 13 for further details.

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.

10. Share capital

	2015 £	2014 £
Allotted, called up and fully paid:		
1 class "A" Ordinary shares of £1.00 each, subscription price of £1.00	<u>1</u>	<u>1</u>

11. Dividends

	2015 £000	2014 £000
<u>Ordinary shares</u>		
Dividends paid	<u>571</u>	<u>-</u>

The Directors declared a dividend of £0.6 million, £0.6 per share, during the year (2014: £nil) payable to the direct parent of the Company, Cabot Financial Debt Recovery Services Limited for the waiver of intercompany balances.

12. Contingent liabilities

The Company is party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow Group company, the senior secured bridge facility and the Senior Secured Notes due 2019, 2020 and 2021. Amounts outstanding on such borrowings were £954.2 million at 31 December 2015 (2014: £745.3 million). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future.

Financial Investigations and Recoveries (Europe) Limited

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

13. 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.

14. Ultimate parent company

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

15. First time adoption of FRS 101

The transition from UK GAAP to IFRS had no material impact on the financial statements of the company.