

## **Abbott Debt Recovery Limited**

Directors' Report and Financial Statements

Year Ended

31 December 2017

Company Number 05355799

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# Abbott Debt Recovery Limited

## Company Information

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<b>Directors</b>	Will Gardiner Jonathan Kini Carl Goulton Nicola Flanders
<b>Company secretary</b>	David McCallum
<b>Registered number</b>	05355799
<b>Registered office</b>	Beaver House 23-38 Hythe Bridge Street Oxford OX1 2ET
<b>Independent auditor</b>	Deloitte LLP 2 New Street Square London EC4A 3BZ

# Abbott Debt Recovery Limited

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# Abbott Debt Recovery Limited

## Directors' Report (continued) For the Year Ended 31 December 2017

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The Directors present their report and the audited financial statements for the year ended 31 December 2017. The comparative results are for the 9 month period ended 31 December 2016.

### Principal activity

The Company's principal activity is the provision of debt recovery services.

The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Results and dividends

The profit for the year, after taxation, amounted to £77,254 (9 month period ended 31 December 2016 - £12,830).

The Directors do not recommend the payment of a dividend in respect of the year (9 month period ended 31 December 2016 £Nil).

### Directors

The directors who served during the year were:

Will Gardiner	(appointed 10 February 2017)
Jonathan Kini	(appointed 10 February 2017)
Louise Boland	(resigned 10 February 2017)
Timothy Boland	(resigned 10 February 2017)
Charles Crossley Cooke	(resigned 10 February 2017)
Frederick Esiri	(resigned 10 February 2017)
Stephen Foster	(resigned 10 February 2017)
Ian Stockbridge	(resigned 10 February 2017)

Carl Goulton and Nicola Flanders were appointed as directors on 8 February 2018.

### Financial risk management

The Company ultimate controlling parent is Drax Group plc. Risks are managed at a group level in accordance with the risk management framework of Drax Group plc. A discussion of the objectives and policies employed in managing financial risk can be found in the Drax Group plc Annual Report and Accounts for the year ended 31 December 2017.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed 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 ought to have been taken as a director in order to be 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.

# Abbott Debt Recovery Limited

## Directors' Report (continued) For the Year Ended 31 December 2017

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### Auditor

KPMG LLP resigned as auditor and Deloitte LLP were appointed as auditor during the year. They will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have taken advantage of the small companies exemption, in accordance with section 414B of the Companies Act 2006, from including a separate Strategic report in these financial statements.

This report was approved by the board on 20 July 2018 and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line.

**Jonathan Kini**  
Director

# **Abbott Debt Recovery Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2017**

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The Directors are responsible for preparing the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 the financial reporting standard applicable in the UK and Republic of Ireland ). 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 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; 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.

# **Abbott Debt Recovery Limited**

## **Independent Auditor's Report to the Members of Abbott Debt Recovery Limited**

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### **Opinion**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Abbott Debt Recovery Limited (the 'Company') which comprise:

- the statement of comprehensive Income and retained earnings;
- the statement of financial position; and
- the related notes 1 to 14

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **Abbott Debt Recovery Limited**

## **Independent Auditor's Report to the Members of Abbott Debt Recovery Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



# Abbott Debt Recovery Limited

## Independent Auditor's Report to the Members of Abbott Debt Recovery Limited (continued)

### Use of our report

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.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

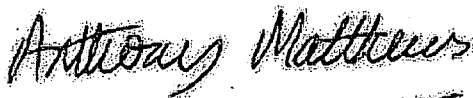
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report or from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Anthony Matthews FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
27 July 2018

# Abbott Debt Recovery Limited

## Statement of Comprehensive Income and Retained Earnings For the Year Ended 31 December 2017

		Year ended 31 December 2017 £	9 month Period ended 31 December 2016 £
	Note		
Turnover	4	277,477	175,843
<b>Gross profit</b>		<b>277,477</b>	<b>175,843</b>
Administrative expenses		(181,807)	(159,805)
<b>Operating profit</b>		<b>95,670</b>	<b>16,038</b>
Tax on profit for the year/period	8	(18,416)	(3,208)
<b>Profit after tax</b>		<b>77,254</b>	<b>12,830</b>
Retained earnings at the beginning of the year		243,613	230,783
Profit for the year/period		77,254	12,830
<b>Retained earnings at the end of the year/period</b>		<b>320,867</b>	<b>243,613</b>

All activities derive from continuing operations.

The notes on pages 9 to 13 form part of these financial statements.

# Abbott Debt Recovery Limited

Registered number: 05355799

## Balance Sheet As at 31 December 2017

	Note	2017 £	2016 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	339,003	243,218
Cash at bank and in hand		1,100	1,215
		<u>340,103</u>	<u>244,433</u>
Creditors: amounts falling due within one year	10	(19,235)	(819)
<b>Net current assets</b>		<u>320,868</u>	<u>243,614</u>
<b>Total assets less current liabilities</b>		<u>320,868</u>	<u>243,614</u>
<b>Net assets</b>		<u>320,868</u>	<u>243,614</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	320,867	243,613
<b>Equity attributable to the owners of the parent company</b>		<u>320,868</u>	<u>243,614</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2018



**Jonathan Kini**  
Director

The notes on pages 9 to 13 form part of these financial statements.

# Abbott Debt Recovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

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### 1. General information

Abbott Debt Recovery Limited is a private Company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling (£).

The prior year comparatives represent a short 9-month period of account .

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Drax Group Plc as at 31 December 2017 and these financial statements may be obtained from Drax Power Station, Selby, North Yorkshire, YO8 8PH.

# **Abbott Debt Recovery Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2017**

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### **2. Accounting policies (continued)**

#### **2.3 Turnover**

Turnover comprises fees charged for the provision of debt recovery services, net of value added tax.

#### **2.4 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### **2.5 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 substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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 statement of financial position 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.

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The directors believe there are no key judgements or sources of estimation uncertainty that require disclosure.

### **4. Turnover**

The whole of the turnover is attributable to the principal activity of the Company and arises solely within the United Kingdom.

### **5. Auditor's remuneration**

The Company's audit fees were borne by an associated company and were estimated to be £1,000 (9 month period ended 31 December 2016 - £1,000).

### **6. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £Nil).

# Abbott Debt Recovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 7. Directors' remuneration

The directors of the Company are remunerated by other group companies as they are the directors of a number of Drax Group companies and their services to the Company do not occupy a significant amount of their time.

### 8. Taxation

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
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#### Corporation tax

Tax on profit for the year/period	<u>18,416</u>	<u>3,208</u>
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#### Factors affecting tax charge for the year/period

The tax assessed for the year/period is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%) as set out below:

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
Profit on ordinary activities before tax	<u>95,670</u>	<u>16,038</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	18,416	3,208
<b>Total tax charge for the year/period</b>	<u><b>18,416</b></u>	<u><b>3,208</b></u>

# Abbott Debt Recovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 8. Taxation (continued)

#### Factors that may affect future tax charges

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. To the extent they are recognised, the closing deferred tax balances are calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

### 9. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	330,904	229,770
Other debtors	-	13,448
Prepayments and accrued income	8,099	-
	<u>339,003</u>	<u>243,218</u>

Amounts owed by group undertakings are repayable on demand, unsecured and interest free.

### 10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	<u>19,235</u>	<u>819</u>

### 11. Share capital

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary shares share of £1	<u>1</u>	<u>1</u>

### 12. Reserves

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of any dividends and other adjustments.

# Abbott Debt Recovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

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### 13. Contingent liabilities

On 5 May 2017, the Drax Group refinanced its external borrowings. The new financing structure consists of £550 million of high-yield, publicly traded bonds on the Luxembourg exchange, and a £350 million Facility comprised of a revolving credit facility (RCF) with a value of £315 million (2016: £400 million) and an index-linked term loan of £35 million.

The Company provides security and guarantees to the Drax Group under these financing arrangements, which would crystallise in the event of the Drax Group companies defaulting on their outstanding borrowings:

- At 31 December 2017 the outstanding secured borrowings amounted to £587 million (2016: £328 million). These borrowings are also guaranteed and secured by other members of the Drax Group.
- In addition, the Company provides security and guarantees to other group undertakings in respect of letters of credit issued under the revolving credit facility, held by Drax Corporate Limited. At 31 December 2017, letters of credit issued amounted to £35.7 million (2016: £57.9 million).

The Company also provides security and guarantees to Drax Power Limited which would crystallise in the event of Drax Power Limited defaulting on the terms of its commodity trading line and foreign exchange trading line. As at 31 December 2017, this value was £3.6 million (2016: £0.9 million).

No liability is provided in respect of any of the above matters as the likelihood of an event of default is considered to be remote in each case.

On 27 April 2018, the Drax Group raised a further \$300 million publicly traded bond and subsequently repaid the floating rate bond notes (£200 million of the £550 million noted above) raised in 2017. The new bond is included in the existing security arrangements.

### 14. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Opus Energy Group Limited, a Company incorporated in England and Wales.

The ultimate parent Company is Drax Group plc, a publicly listed Company incorporated in England and Wales. Drax Group plc is the smallest and largest group for which consolidated financial statements are prepared. Copies of the consolidated financial statements for Drax Group plc are available from: Company Secretary, Drax Power Station, Selby, North Yorkshire YO8 8PH, or on the Group's website at [www.drax.com](http://www.drax.com).