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STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

FOR

MANOLETE PARTNERS PLC

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FOR THE YEAR ENDED 31 MARCH 2016

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COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

DIRECTORS:	S Cooklin M J Faulkner J M Jarvis FCA P M Halton
SECRETARY:	S Cooklin
REGISTERED OFFICE:	PO Box 1295 Sterling House 20 Station Road Gerrards Cross Buckinghamshire SL9 8EL
REGISTERED NUMBER:	07660874 (England and Wales)
AUDITORS:	Nunn Hayward LLP Chartered Accountants Statutory Auditor Sterling House 20 Station Road Gerrards Cross Buckinghamshire SL9 8EL

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their strategic report for the year ended 31 March 2016.

REVIEW OF BUSINESS
The financial statements for the year ended 31 March 2016 represent an excellent outturn for the Company. Compared to the last financial statements, which were for the eight months ended 31 March 2015, income rose to £4.8m from £0.8m and Profit Before Interest and Taxation rose to £1.8m from £0.1m. Total settlements on our cases were far in excess of the reported income - this is because (as explained in note 3 to the financial statements), Manolete's income does not include the large amounts paid direct to insolvent estates on our funded cases. Our income represents only Manolete's share of the settlements on funded cases (plus all settlement income on purchased cases). Since inception, the total number of funded cases now exceed purchased cases.

91% of Income is on fully realised cases. Of the total Gross Profit of £2.7m, £2.2m (81% of the total) was fully realised at the year end. This high proportion of realised profit is a direct result of Manolete's ability to complete cases within a very short time frame - ours is the fastest case completion rate in the litigation funding industry. While all other operators take, on average, numbers of years to complete cases, our record shows that it takes us on average 8.2 months to complete a case.

Manolete has the highest number of single litigation case investments in the Northern Hemisphere - with 143 individual contracted cases, as at the time of writing, 105 of which have been completed, 38 are in progress.
Professor Peter Walton's report *"Insolvency Litigation and the Jackson Reforms - April 2016"* confirmed Manolete as the dominant majority provider of litigation finance to the UK Insolvency Industry. Based on a survey of the membership of R3 (the UK's largest trade association of Insolvency Practitioners), Professor Walton found that Manolete, from those that responded, had a 52% market share, with the next largest provider at 7% and fifteen other providers having a much smaller share.

During the year ended 31 March 2016, 31 case investments were completed (on average 2.4 cases were competed in every month of the year). Settlements ranged from £8,000 to £2.4m, proving the effectiveness of Manolete's financing and operating model across cases of all sizes.

In March 2016 we were pleased to announce our maiden dividend of £6.76 per ordinary share, representing a total dividend cash distribution of £625,000. Strongly positive cash flow during the year also enabled us to repay early £250,000 of the Shareholder Loan, which is not due for repayment at all until 2020.

Net assets grew from £2.2m to £3.5m (of which £2.7m is Cash at Bank) as at 31 March 2016.

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the execution of company strategies are subject to a number of risks. In the opinion of the Board, the key business risk affecting the business of the company is its continued ability to successfully attract, select and successfully pursue investments in the UK insolvency litigation market. The Board mitigates this risk through its focus on well established case selection screening procedures, rigorous internal and external case cost controls, skilled and sophisticated use of the Adverse Cost Insurance market to negate adverse cost risk at the appropriate stage on all relevant cases and close attention to the adequacy of liquidity in the business to comfortably support our case cost profile at all times.

FUTURE DEVELOPMENTS
The current financial year has started very strongly. We have a record number of cases currently in progress and the average size per case continues to rise. Manolete is soon to launch operations outside its traditional markets of England and Wales.

ON BEHALF OF THE BOARD:

....
S Cooklin ACA ACSI CF - Director

Date: 7 June 2016

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report with the financial statements of the company for the year ended 31 March 2016.

PRINCIPAL ACTIVITY
The principal activity of the company during the period under review was the acquisition and funding of insolvency litigation.

The requirements of the business review have been considered within the Strategic Report.

DIVIDENDS
The company proposed a dividend of £6.75675 per ordinary share for the year ended 31 March 2016. The dividend was paid on 1 April 2016.

FUTURE DEVELOPMENTS
Future developments are discussed within the Strategic Report.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

S Cooklin
M J Faulkner
J M Jarvis FCA

Other changes in directors holding office are as follows:

P M Halton - appointed 14 March 2016

FINANCIAL INSTRUMENTS
Disclosures in respect of the company policy regarding financial instruments and risk management are contained in note 20 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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 Financial Reporting Standard 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Nunn Hayward LLP, were appointed by the directors during the period and are deemed re-appointed under Section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

....
S Cooklin ACA ACSI CF - Director

Date: 7 June 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MANOLETE PARTNERS PLC

We have audited the financial statements of Manolete Partners PLC for the year ended 31 March 2016 on pages six to twenty one. 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Jonathan Hemmings (Senior Statutory Auditor)
for and on behalf of Nunn Hayward LLP
Chartered Accountants
Statutory Auditor
Sterling House
20 Station Road
Gerrards Cross
Buckinghamshire
SL9 8EL

Date: 7 June 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year Ended 31.3.16 £	Period 1.8.14 to 31.3.15 £
INCOME	3	4,795,286	824,091
Operating expenses		2,128,679	321,262
GROSS PROFIT		2,666,607	502,829
Administrative expenses		833,352	407,288
		1,833,255	95,541
Other operating income		-	138
OPERATING PROFIT	5	1,833,255	95,679
Interest receivable and similar income		3,760	657
		1,837,015	96,336
Interest payable and similar charges	6	246,401	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,590,614	96,336
Tax on profit on ordinary activities	7	320,296	33,200
PROFIT FOR THE FINANCIAL YEAR		1,270,318	63,136
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,270,318	63,136

The notes form part of these financial statements

MANOLETE PARTNERS PLC (REGISTERED NUMBER: 07660874)

BALANCE SHEET
31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Investments	8		-		2
CURRENT ASSETS					
Debtors	9	1,761,106		761,946	
Investments	10	2,707,158		1,934,476	
Cash at bank		2,724,156		2,554,049	
		7,192,420		5,250,471	
CREDITORS					
Amounts falling due within one year	11	1,016,159		179,330	
NET CURRENT ASSETS			6,176,261		5,071,141
TOTAL ASSETS LESS CURRENT LIABILITIES			6,176,261		5,071,143
CREDITORS					
Amounts falling due after more than one year	12		(2,250,000)		(2,500,000)
PROVISIONS FOR LIABILITIES	14		(429,000)		(344,200)
NET ASSETS			3,497,261		2,226,943
CAPITAL AND RESERVES					
Called up share capital	15		92,500		92,500
Share premium	16		1,015,000		1,015,000
Other reserves	16		1,716,000		1,376,800
Retained earnings	16		673,761		(257,357)
SHAREHOLDERS' FUNDS			3,497,261		2,226,943

The financial statements were approved by the Board of Directors on 7 June 2016 and were signed on its behalf by:

....

S Cooklin ACA ACSI CF - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 August 2014	92,500	(187,693)	1,015,000	1,244,000	2,163,807
Changes in equity					
Total comprehensive income	-	(69,664)	-	132,800	63,136
Balance at 31 March 2015	92,500	(257,357)	1,015,000	1,376,800	2,226,943
Changes in equity					
Total comprehensive income	-	931,118	-	339,200	1,270,318
Balance at 31 March 2016	92,500	673,761	1,015,000	1,716,000	3,497,261

The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year Ended 31.3.16 £	Period 1.8.14 to 31.3.15 £
Cash flows from operating activities			
Cash generated from operations	1	780,469	(309,242)
Interest paid		(16,849)	-
Tax paid		1,409	-
Net cash from operating activities		765,029	(309,242)
Cash flows from investing activities			
Interest received		3,760	657
Net cash from investing activities		3,760	657
Cash flows from financing activities			
New loans in year		-	2,500,000
Loan repayments in year		(250,000)	-
Investment in cases		(348,682)	(83,326)
Net cash from financing activities		(598,682)	2,416,674
Increase in cash and cash equivalents		170,107	2,108,089
Cash and cash equivalents at beginning of year	2	2,554,049	445,960
Cash and cash equivalents at end of year	2	2,724,156	2,554,049

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.3.16 £	Period 1.8.14 to 31.3.15 £
Profit for the financial year	1,270,318	63,136
Loss on disposal of fixed assets	2	-
Non-cash movements	280,000	-
Increase in fair values	(424,000)	(166,000)
Finance costs	246,401	-
Finance income	(3,760)	(657)
Taxation	320,296	33,200
	1,689,257	(70,321)
Increase in trade and other debtors	(999,160)	(270,269)
Increase in trade and other creditors	90,372	31,348
Cash generated from operations	780,469	(309,242)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2016

	31.3.16 £	1.4.15 £
Cash and cash equivalents	2,724,156	2,554,049

Period ended 31 March 2015

	31.3.15 £	1.8.14 £
Cash and cash equivalents	2,554,049	445,960

1. **FINANCIAL REPORTING STANDARD 102**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 August 2014. The last set of financial statements issued under previously extant UK GAAP were for the year ended 31 March 2015 and were issued on 10 June 2015.

The directors consider that the transition did result in material changes to previously reported figures, therefore the company has presented a reconciliation of equity and profit at 1 August 2014 and at 31 March 2015.

The following were changes in accounting policies arising from the transition to FRS 102:

Current asset investments
Under previous UK GAAP, the company valued investments in cases at fair value. The gains or losses arising upon revaluation were unrealised profits or losses and were taken to the revaluation reserve. FRS 102 allows early adoption of the recognition and measurement provisions of IFRS 9, enabling the designation of investments in cases as fair value through profit or loss. Accordingly, investments in cases are measured at fair value and any gains or losses arising upon subsequent measurement are reflected in income in the Statement of Comprehensive Income. These gains or losses remain unrealised until the underlying case reaches its conclusion, so are taken to other reserves.

Holiday pay accrual
Under previous UK GAAP, the company accrued for holiday pay where this was expected to be paid as a cash sum where the employee was entitled to carry forward holidays earned indefinitely. The company did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the balance sheet. The directors consider that any provision for holiday pay would be immaterial and have not made a provision. Should a provision have been made, the impact would have been to increase holiday pay accrued by £1,854 at 31 March 2016.

Deferred tax
Deferred tax is recognised on a timing difference plus basis under FRS 102, whereas previous UK GAAP required a timing difference approach. As the company has used fair values in order to value investments the change in deferred tax approach has impacted these financial statements. The company is now required to provide for tax expected to apply should the unrealised fair values reflected within investments become realised income.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention with certain assets disclosed at fair values and reflect the activities of Manolete Partners Plc as an individual company. The financial information is presented in pounds sterling, rounded to the nearest £1. Manolete Partners Plc is incorporated in England as a public limited liability company and has its registered office at PO Box 1295, Sterling House, 20 Station Road, Gerrards Cross, Buckinghamshire, SL9 8EL.

Preparation of consolidated financial statements
The financial statements contain information about Manolete Partners Plc as an individual company and do not consolidate financial information as the parent of a group.The company has excluded from consolidation financial information regarding its subsidiary undertaking as permitted by Section 405(2) of the Companies Act 2006. The subsidiary has remained dormant since incorporation and is immaterial for the purposes of providing a true and fair view.

The subsidiary was dissolved on 23 February 2016, never having traded.

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2. **ACCOUNTING POLICIES - continued**

Income and revenue recognition
Income represents the company's entitlement to returns from its investments in purchased and funded legal claims. Such returns are recognised as realised through the statement of comprehensive income once a judgement or settlement has been received in the company's favour and are recognised as unrealised through the statement of comprehensive income if a judgement or settlement has not been received at the balance sheet date.

Taxation
Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

A deferred tax liability or asset is recognised for additional tax that will be paid or avoided in respect of realisations of investment in cases.

The tax expense or income is presented either in profit or loss, other comprehensive income or equity, depending on the transaction that resulted in the tax expense or income.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the company has a legally enforceable right to set off current taxes assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority or which are intended to be realised and settled simultaneously.

Current asset investments
Investments in cases are categorised as fair value through profit or loss. Fair values are determined on the specifics of each investment and will typically change upon an investment progressing through a key stage in the litigation or arbitration process in a manner that, in the Directors' opinion, would result in a third party being prepared to pay an amount different to the original sum invested for the company's rights in connection with the investment. Positive material progression of an investment will give rise to an increase in fair value and an adverse progression a decrease.

Movements in fair value on investments in cases are included within income in the Statement of Comprehensive Income. Fair value gains or losses are unrealised until a final outcome or stage is reached so are taken to the other reserve.

Debtors
Short term debtors are measured at transaction price, less any impairment. They do not carry any interest.

Occasionally, funds arising from a settled case are paid on an instalment basis. FRS 102 classifies the debt in this instance as a financial instrument. As the debt is fixed, it is considered a 'basic' financial instrument and therefore measured at the transaction price. There is no discounting to present value.

Creditors
Short term creditors are measured at transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty
In application of the company's accounting policies above, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based upon historical experience and the other factors considered relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Valuation of Investments
Determining the value of purchased and funded litigation requires an estimation of the value of such assets upon acquisition and at the balance sheet date. The future income generation of such litigation is estimated from known information and the opinion of external senior specialist counsel. Valuations of each case, at the balance sheet date, are therefore arrived at by the Directors, considering counsel's assessment of the chances of a successful outcome, the state of progress of the matter through the legal system and the Directors' assessment of all other risks specific to the case.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3. INCOME

The income and profit before taxation are attributable to the one principal activity of the company.

The total income of the company has been derived from its principal activity, which is wholly undertaken within the UK.

Income is derived from a mix of cases funded on behalf of or purchased from the insolvent estate. Where cases are funded, upon conclusion, Manolete Partners Plc has the right to its share of income whereas for funded cases, it has the right to receive all income from which a payment to the insolvent estate is made.

	2016	2015
	£	£
Net realised gains on investments in cases	4,371,286	658,091
Fair value movements (net of transfers to realisations)	424,000	166,000
	4,795,286	824,091
Arising from:		
Funded cases	4,146,561	(72,375)
Purchased cases	648,725	896,466
	4,795,286	824,091

continued...

4. STAFF COSTS

	Year Ended 31.3.16	Period 1.8.14 to 31.3.15
	£	£
Wages and salaries	527,180	243,698
Social security costs	65,779	31,436
	592,959	275,134

The average monthly number of employees during the year was as follows:

	Year Ended 31.3.16	Period 1.8.14 to 31.3.15
Management and administration	4	3

Michael Faulkner and John Jarvis receive no remuneration for their services to the company.

5. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 31.3.16	Period 1.8.14 to 31.3.15
	£	£
Loss on disposal of fixed assets	2	-
Auditor's remuneration	11,360	5,020
Other non- audit services	2,284	5,578
Directors' remuneration	300,000	150,000

Information regarding the highest paid director for the year ended 31 March 2016 is as follows:

	Year Ended 31.3.16
	£
Emoluments etc	300,000

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31.3.16	Period 1.8.14 to 31.3.15
	£	£
Other loan interest	246,401	-

continued...

7. TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	Year Ended 31.3.16 £	Period 1.8.14 to 31.3.15 £
Current tax:		
UK corporation tax	236,905	-
Corporation tax adjustment re previous year	(1,409)	-
Total current tax	235,496	-
Deferred tax	84,800	33,200
Tax on profit on ordinary activities	320,296	33,200

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.3.16 £	Period 1.8.14 to 31.3.15 £
Profit on ordinary activities before tax	1,590,614	96,336
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	318,123	-
Effects of:		
Expenses not deductible for tax purposes	(35,013)	-
Utilisation of tax losses	(46,205)	-
Adjustments to tax charge in respect of previous periods	(1,409)	-
Provision for deferred tax future periods	84,800	33,200
Total tax charge	320,296	33,200

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2015	2
Investment in subsidiary written off	(2)
At 31 March 2016	-
NET BOOK VALUE	
At 31 March 2016	-
At 31 March 2015	2

continued...

8. FIXED ASSET INVESTMENTS - continued

The company decided to dissolve its subsidiary, Two Minutes To Midnight Limited, on 23 February 2016. The company had remained dormant since incorporation.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Other debtors	1	6,075
Prepayments and accrued income	1,761,105	755,871
	1,761,106	761,946

10. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Fair value		
At 1 April 2015	1,934,476	1,685,150
Additions	466,640	83,326
Realisations	(117,958)	-
Movement in fair values	424,000	166,000
At 31 March 2016	2,707,158	1,934,476

Current asset investments comprise the costs incurred bringing funded and purchased cases to the position that they have reached at the balance sheet date. In addition, where an event has occurred that causes the Directors to revalue the amount invested, a fair value adjustment is made by the Directors based on Counsel's opinion, which can be either positive or negative.

The determination of fair value involves significant judgements and estimates. While the potential range of outcomes can be considered wide, the directors' fair value estimation, based on Counsel's opinion and appropriate discount rates together with past history is its best assessment of the current fair value of each investment. In the directors' opinion there is no useful alternative valuation that would better quantify the risk inherent in the investments held.

Any change in value is taken to the other reserve as an unrealised gain or loss.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Corporation tax	236,905	-
Social security and other taxes	19,287	15,854
Other creditors	27,330	22,830
Accruals and deferred income	732,637	140,646
	1,016,159	179,330

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Other loans (see note 13)	2,250,000	2,500,000

continued...

13. LOANS

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due between two and five years:		
Other loans - 2-5 years	2,250,000	2,500,000

The loan is provided for a fixed term of 5 years and is not repayable by instalment. The company repaid £250,000 of the loan during the year and as a result, the interest rate reduced from 12% to 11% per annum. Interest accrues, where no capital is repaid, and is payable upon the earlier of repayment of the loan or maturity.

14. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Deferred tax		
Other timing differences	429,000	344,200

	Deferred tax
	£
Balance at 1 April 2015	344,200
Provided during year	319,000
Unused amounts reversed during year	(234,200)
Balance at 31 March 2016	429,000

15. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2016 £	2015 £
92,500	Share capital	£1	92,500	92,500

16. RESERVES

	Retained earnings	Share premium	Other reserves	Totals
	£	£	£	£
At 1 April 2015	(257,357)	1,015,000	1,376,800	2,134,443
Profit for the year	1,270,318			1,270,318
Fair value adjustment to previous period valuations	1,171,000	-	(1,171,000)	-
Fair value adjustments in the current period	(1,510,200)	-	1,510,200	-
At 31 March 2016	673,761	1,015,000	1,716,000	3,404,761

The other reserve represents unrealised gains or losses accumulated upon the fair values assigned to investments in cases net of deferred tax.

17. RELATED PARTY DISCLOSURES

The loan of £2,250,000 is provided by a shareholder. Interest of £16,849 was paid during the year.

continued...

18. **ULTIMATE CONTROLLING PARTY**

The company was controlled throughout the period by the directors Steven Cooklin and Michael Faulkner.

19. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The company finances its operations through a mixture of equity finance, cash and liquid resources and various items such as trade debtors and trade creditors which arise directly from the company's operations.

The company is a sophisticated user of the Adverse Cost Insurance market and is usually able to procure cost insurance at the appropriate juncture on its cases. This provides the company with very significant downside protection where considered necessary on a case-by-case basis.

The disclosures below exclude short term debtors and creditors.

Financial assets comprise cash and bank balances of £2,724,156 (2015: £2,554,049).

Financial liabilities comprise borrowings of £2,250,000 (2015: £2,500,000).

20. **DIVIDENDS**

Dividends appropriately authorised after the balance sheet date but before the financial statements were authorised for issue are £625,000.

RECONCILIATION OF EQUITY
1 AUGUST 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Investments		2	-	2
CURRENT ASSETS				
Debtors		491,677	-	491,677
Investments		1,685,150	-	1,685,150
Cash at bank		445,960	-	445,960
		2,622,787	-	2,622,787
CREDITORS				
Amounts falling due within one year		(147,982)	-	(147,982)
NET CURRENT ASSETS		2,474,805	-	2,474,805
TOTAL ASSETS LESS CURRENT LIABILITIES		2,474,807	-	2,474,807
PROVISIONS FOR LIABILITIES		-	(311,000)	(311,000)
NET ASSETS		2,474,807	(311,000)	2,163,807
CAPITAL AND RESERVES				
Called up share capital		92,500	-	92,500
Share premium		1,015,000	-	1,015,000
Revaluation reserve		1,555,000	(1,555,000)	-
Other reserves		-	1,244,000	1,244,000
Retained earnings		(187,693)	-	(187,693)
SHAREHOLDERS' FUNDS		2,474,807	(311,000)	2,163,807

RECONCILIATION OF EQUITY - continued
31 MARCH 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Investments		2	-	2
CURRENT ASSETS				
Debtors		761,946	-	761,946
Investments		1,934,476	-	1,934,476
Cash at bank		2,554,049	-	2,554,049
		5,250,471	-	5,250,471
CREDITORS				
Amounts falling due within one year		(179,330)	-	(179,330)
NET CURRENT ASSETS		5,071,141	-	5,071,141
TOTAL ASSETS LESS CURRENT LIABILITIES		5,071,143	-	5,071,143
CREDITORS				
Amounts falling due after more than one year		(2,500,000)	-	(2,500,000)
PROVISIONS FOR LIABILITIES		-	(344,200)	(344,200)
NET ASSETS		2,571,143	(344,200)	2,226,943
CAPITAL AND RESERVES				
Called up share capital		92,500	-	92,500
Share premium		1,015,000	-	1,015,000
Revaluation reserve		1,721,000	(1,721,000)	-
Other reserves		-	1,376,800	1,376,800
Retained earnings		(257,357)	-	(257,357)
SHAREHOLDERS' FUNDS		2,571,143	(344,200)	2,226,943

RECONCILIATION OF LOSS OR PROFIT
FOR THE PERIOD 1 AUGUST 2014 TO 31 MARCH 2015

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
INCOME	658,091	166,000	824,091
Operating expenses	(321,262)	-	(321,262)
GROSS PROFIT	336,829	166,000	502,829
Administrative expenses	(407,288)	-	(407,288)
Other operating income	138	-	138
OPERATING (LOSS)/PROFIT	(70,321)	166,000	95,679
Interest receivable and similar income	657	-	657
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(69,664)	166,000	96,336
Tax on (loss)/profit on ordinary activities	-	(33,200)	(33,200)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(69,664)	132,800	63,136