

**REGISTERED NUMBER: 07660874 (England and Wales)**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017  
FOR  
MANOLETE PARTNERS PLC**

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**MANOLETE PARTNERS PLC**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2017**

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**DIRECTORS:** S Cooklin  
M J Faulkner  
J M Jarvis FCA  
P M Halton

**SECRETARY:** S Cooklin

**REGISTERED OFFICE:** PO Box 1295  
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 2017**

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The directors present their strategic report for the year ended 31 March 2017.

**REVIEW OF BUSINESS**

The financial statements for the year ended 31 March 2017 represent a very satisfactory outcome for the business. Year-on-year Operating Profit grew 11% to over £2m and net assets grew 22% to £4.3m.

In October 2016, we were delighted to win the Turnaround Restructuring and Insolvency ("TRI") Award for Insolvency Litigation Funder of the Year 2016.

The number of full time staff grew from 4 to 7 during the year and we were delighted to announce on 28 July 2017 that former Chief Registrar Dr Stephen Baister will be joining the company as Senior Advisor effective from 1 October 2017.

The business continues to grow apace, at the time of writing the cumulative number of signed litigation investments has grown to 186 cases, with a roughly equal split between Purchased and Funded cases. In the four months following the 31 March 2017 year end, the company experienced a period of very high activity with 19 separate case completions resulting in over £4m of case settlements and court awards. The resultant cash generation enabled the company to re-pay all of its short-term loan obligations long before the scheduled repayment date.

**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

20 September 2017

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their report with the financial statements of the company for the year ended 31 March 2017.

**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 has not proposed a dividend in respect of the financial year ended 31 March 2017. A dividend of £6.75675 per share was paid on 1 April 2016 in respect of the financial year ended 31 March 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 2016 to the date of this report.

S Cooklin  
M J Faulkner  
J M Jarvis FCA  
P M Halton

**FINANCIAL INSTRUMENTS**

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

**DIRECTORS AND OFFICERS INSURANCE**

The company has taken the opportunity to purchase Director's & Officers Liability Insurance.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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.

**MANOLETE PARTNERS PLC (REGISTERED NUMBER: 07660874)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**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

20 September 2017

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

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We have audited the financial statements of Manolete Partners PLC for the year ended 31 March 2017 on pages seven to twenty. 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 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, 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, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

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

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**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

20 September 2017



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>	3	4,842,639	4,795,286
Cost of sales		<u>1,021,488</u>	<u>2,128,679</u>
<b>GROSS PROFIT</b>		3,821,151	2,666,607
Administrative expenses		<u>1,788,052</u>	<u>833,352</u>
<b>OPERATING PROFIT</b>	5	2,033,099	1,833,255
Interest receivable and similar income		<u>2,127</u>	<u>3,760</u>
		2,035,226	1,837,015
Interest payable and similar expenses	6	<u>222,559</u>	<u>246,401</u>
<b>PROFIT BEFORE TAXATION</b>		1,812,667	1,590,614
Tax on profit	7	<u>415,595</u>	<u>320,296</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,397,072	1,270,318
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,397,072</u>	<u>1,270,318</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 MARCH 2017**

	Notes	2017 £	2016 £
<b>CURRENT ASSETS</b>			
Debtors	9	1,804,416	1,761,106
Investments	10	6,704,967	2,707,158
Cash at bank		<u>1,500,339</u>	<u>2,724,156</u>
		10,009,722	7,192,420
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>2,418,588</u>	<u>1,016,159</u>
<b>NET CURRENT ASSETS</b>		<u>7,591,134</u>	<u>6,176,261</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,591,134	6,176,261
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(2,250,000)	(2,250,000)
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>(1,066,000)</u>	<u>(429,000)</u>
<b>NET ASSETS</b>		<u>4,275,134</u>	<u>3,497,261</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	98,300	92,500
Share premium	16	1,015,000	1,015,000
Other reserves	16	4,264,000	1,716,000
Retained earnings	16	<u>(1,102,166)</u>	<u>673,761</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>4,275,134</u>	<u>3,497,261</u>

The financial statements were approved by the Board of Directors on 20 September 2017 and were signed on its behalf by:

S Cooklin ACA ACSI CF - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
<b>Balance at 1 April 2015</b>	92,500	(257,357)	1,015,000	1,376,800	2,226,943
<b>Changes in equity</b>					
Total comprehensive income	-	931,118	-	339,200	1,270,318
<b>Balance at 31 March 2016</b>	92,500	673,761	1,015,000	1,716,000	3,497,261
<b>Changes in equity</b>					
Issue of share capital	5,800	-	-	-	5,800
Dividends	-	(624,999)	-	-	(624,999)
Total comprehensive income	-	(1,150,928)	-	2,548,000	1,397,072
<b>Balance at 31 March 2017</b>	98,300	(1,102,166)	1,015,000	4,264,000	4,275,134

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(587,034)	780,469
Interest paid		-	(16,849)
Tax paid		(236,902)	1,409
Net cash from operating activities		<u>(823,936)</u>	<u>765,029</u>
<b>Cash flows from investing activities</b>			
Interest received		2,127	3,760
Net cash from investing activities		<u>2,127</u>	<u>3,760</u>
<b>Cash flows from financing activities</b>			
New loans in year		800,000	-
Loan repayments in year		-	(250,000)
Amount introduced by directors		230,000	-
Share issue		5,800	-
Investment in cases		(812,809)	(348,682)
Equity dividends paid		(624,999)	-
Net cash from financing activities		<u>(402,008)</u>	<u>(598,682)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(1,223,817)</u>	<u>170,107</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,724,156	2,554,049
<b>Cash and cash equivalents at end of year</b>	2	<u>1,500,339</u>	<u>2,724,156</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017

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

	2017	2016
	£	£
Profit for the financial year	1,397,072	1,270,318
Loss on disposal of fixed assets	-	2
Non-cash movements	(156,189)	280,000
Increase in fair values	(3,185,000)	(424,000)
Finance costs	222,559	246,401
Finance income	(2,127)	(3,760)
Taxation	415,595	320,296
	<u>(1,308,090)</u>	<u>1,689,257</u>
Decrease/(increase) in trade and other debtors	178,095	(999,160)
Increase in trade and other creditors	542,961	90,372
<b>Cash generated from operations</b>	<u>(587,034)</u>	<u>780,469</u>

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 2017**

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	<u>1,500,339</u>	<u>2,724,156</u>

**Year ended 31 March 2016**

	31.3.16	1.4.15
	£	£
Cash and cash equivalents	<u>2,724,156</u>	<u>2,554,049</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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1. **STATUTORY INFORMATION**

Manolete Partners PLC is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance and compliance 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 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.

**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**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

2. **ACCOUNTING POLICIES - continued**

**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.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

3. **TURNOVER**

The turnover 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.

	2017	2016
£		
Net realised gains on investments in cases	1,657,639	4,371,286
Fair value movements (net of transfers to realisations)	<u>3,185,000</u>	<u>424,000</u>
	<u>4,842,639</u>	<u>4,795,286</u>
Arising from:		
Funded cases	2,723,998	4,146,561
Purchased cases	<u>2,118,641</u>	<u>648,725</u>
	<u>4,842,639</u>	<u>4,795,286</u>

4. **EMPLOYEES AND DIRECTORS**

	2017	2016
£		
Wages and salaries	1,144,491	527,180
Social security costs	148,202	65,779
Other pension costs	1,839	-
	<u>1,294,532</u>	<u>592,959</u>

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

	2017	2016
Directors	2	1
Management and administration	<u>5</u>	<u>3</u>
	<u>7</u>	<u>4</u>

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

	2017	2016
£		
Directors' remuneration	766,667	300,000
Directors' pension contributions to money purchase schemes	<u>317</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

4. **EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	616,667	300,000
Pension contributions to money purchase schemes	<u>217</u>	<u>-</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging:

	2017	2016
	£	£
Loss on disposal of fixed assets	-	2
Auditor's remuneration	13,200	11,360
Other non- audit services	<u>9,486</u>	<u>2,284</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2016
	£	£
Other loan interest	<u>222,559</u>	<u>246,401</u>

7. **TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	(221,405)	236,905
Corporation tax adjustment re previous year	-	(1,409)
Total current tax	<u>(221,405)</u>	<u>235,496</u>
Deferred tax	<u>637,000</u>	<u>84,800</u>
Tax on profit	<u>415,595</u>	<u>320,296</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

7. **TAXATION - continued**

**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:

	2017 £	2016 £
Profit before tax	<u>1,812,667</u>	<u>1,590,614</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	362,533	318,123
Effects of:		
Expenses not deductible for tax purposes	53,062	49,787
Income not taxable for tax purposes	(637,000)	(84,800)
Utilisation of tax losses	-	(46,205)
Adjustments to tax charge in respect of previous periods	-	(1,409)
Provision for deferred tax	637,000	84,800
Total tax charge	<u>415,595</u>	<u>320,296</u>

8. **DIVIDENDS**

	2017 £	2016 £
Ordinary shares of £1 each		
Dividend on Ordinary shares	<u>624,999</u>	<u>-</u>

The above dividend was paid in respect of the year ended 31 March 2016 at the rate of £6.75675 per Ordinary share.

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Other debtors	-	1
Tax	221,405	-
Prepayments and accrued income	<u>1,583,011</u>	<u>1,761,105</u>
	<u>1,804,416</u>	<u>1,761,106</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

10. CURRENT ASSET INVESTMENTS

	2017	2016
£		
£		
Fair value		
At 1 April 2016	2,707,158	1,934,476
Additions	1,035,307	466,640
Realisations	(222,498)	(117,958)
Movement in fair values	<u>3,185,000</u>	<u>242,000</u>
At 31 March 2017	<u>6,704,967</u>	<u>2,707,158</u>

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

	2017	2016
£		
£		
Other loans (see note 13)	800,000	-
Corporation tax	3	236,905
Social security and other taxes	34,028	19,287
Other creditors	47,572	27,330
Directors' current accounts	230,000	-
Accruals and deferred income	<u>1,306,985</u>	<u>732,637</u>
	<u>2,418,588</u>	<u>1,016,159</u>

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

	2017	2016
£		
£		
Other loans (see note 13)	<u>2,250,000</u>	<u>2,250,000</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
£		
£		
Amounts falling due within one year or on demand:		
Other loans	<u>800,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>2,250,000</u>	<u>2,250,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

13. **LOANS - continued**

The £2,250,000 loan is provided for a fixed term of 5 years and is not repayable by instalment. Interest is charged at 11% per annum. Interest accrues, where no capital is repaid, and is payable upon the earlier of repayment of the loan or maturity.

The £800,000 loan is a short term facility which was repaid in full by 13 June 2017. Interest is charged at 12% per annum.

14. **PROVISIONS FOR LIABILITIES**

	2017 £	2016 £
Deferred tax		
Other timing differences	<u>1,066,000</u>	<u>429,000</u>
		Deferred tax £
Balance at 1 April 2016		429,000
Provided during year		<u>637,000</u>
Balance at 31 March 2017		<u>1,066,000</u>

15. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal	2017	2016
Number:	Class:	value:	£	£
5,800	Ordinary A	£1	<u>5,800</u>	<u>-</u>
Allotted and issued:		Nominal	2017	2016
Number:	Class:	value:	£	£
92,500	Share capital	£1	<u>92,500</u>	<u>92,500</u>

The following shares were issued during the year:

5,800 A Ordinary shares for £1 each.

A Ordinary shares carry no dividend rights, except if declared upon a disposal of the company and do not convey the entitlement to attend and vote at a general meeting.

16. **RESERVES**

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 April 2016	673,761	1,015,000	1,716,000	3,404,761
Profit for the year	1,397,072			1,397,072
Dividends	(624,999)			(624,999)
Fair value adjustments in the current period	<u>(2,548,000)</u>	-	<u>2,548,000</u>	-
At 31 March 2017	<u>(1,102,166)</u>	<u>1,015,000</u>	<u>4,264,000</u>	<u>4,176,834</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

17. **PENSION COMMITMENTS**

Pension contributions are made by the company into employees defined contribution personal pension schemes. The pension charge represents contributions payable to the fund. There was £984 (2016: £nil) outstanding at the date of the Balance Sheet.

Pension scheme

£	£	2017	2016
		<u>1,839</u>	<u>-</u>

Contributions payable by the company for the year

18. **RELATED PARTY DISCLOSURES**

The loans of £800,000 and £2,250,000 are provided by a shareholder. Interest was not paid on these loans in the year. Deferred interest is £nil and £452,111 respectively at 31 March 2017.

Directors loans are provided on a short term basis by two directors. Interest is charged at 12% and deferred until repayment of the capital. Deferred interest was £nil at 31 March 2017.

19. **ULTIMATE CONTROLLING PARTY**

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

20. **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 company holds the following financial instruments:

	2017	2016
	£	£
<b>Financial assets at amortised cost</b>		
Cash	<u>1,500,339</u>	<u>2,724,156</u>
Other debtors	-	1
Prepayments and accrued income	<u>1,583,011</u>	<u>1,761,105</u>
	<u>1,583,011</u>	<u>1,761,106</u>
<b>Financial assets at fair value through profit or loss</b>		
Investments	<u>6,704,967</u>	<u>2,707,158</u>
<b>Financial liabilities at amortised cost</b>		
Other creditors	47,572	27,330
Accruals and deferred income	<u>1,306,985</u>	<u>732,637</u>
	<u>1,354,557</u>	<u>759,967</u>
<b>Financial liabilities at fair value through profit or loss</b>		
Other loans	3,050,000	2,250,000
Directors' current accounts	<u>230,000</u>	-
	<u>3,280,000</u>	<u>2,250,000</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.