



**Manolete**

— PARTNERS PLC —

**Annual Report 2021**



# The UK's leading insolvency litigation financing company

We are renowned for our unparalleled knowledge of the Insolvency and Recovery sector, working alongside Insolvency Practitioners throughout the country.

## MULTIPLE AWARD WINNER

- Four-time winner of 'Insolvency Litigation Funder of the Year' at the Turnaround, Restructuring and Insolvency Industry Awards.



- 'Growth Company of the Year' award winner at the 2019 Shares Awards



## OUR MISSION

To transition  
the market to  
the Manolete way



## OUR PEOPLE

Manolete's  
committed and  
highly-skilled staff  
are fundamental  
to its success

## FINANCIAL HIGHLIGHTS

## REVENUE

£27.8m

+49%

## GROSS CASH RECEIPTS FROM COMPLETED CASES

£12.2m

+61%

## TOTAL ASSETS

£57.4m

+22%

## GROSS PROFIT

£13.4m

-7%

## REALISED REVENUE

£24.4m

+214%

## FINAL DIVIDEND PER SHARE

1p

FY20 3p per share

## OPERATIONAL HIGHLIGHTS

LIVE CASES IN PROGRESS  
(AS AT 31 MARCH 2021)

245

+40%

NEW CASE INVESTMENTS  
DURING FY21

198

+40%

CASES COMPLETED  
IN FY21

135

+150%

NEW CASE ENQUIRIES  
DURING FY21

578

+17%

## CONTENTS

## OUR BUSINESS...

## STRATEGIC REPORT

- 01 Financial Highlights
- 02 Our Business at a Glance
- 04 Our Business Model
- 06 Our Strategy
- 07 Our Investment Case
- 08 Chairman's Statement
- 10 Chief Executive Officer's Report
- 14 Chief Financial Officer's Report
- 20 Strategic Report

## HOW WE MANAGE IT...

## CORPORATE GOVERNANCE

- 24 Board of directors
- 26 Directors' Report
- 27 Statement of Directors' Responsibilities
- 28 Corporate Governance Statement
- 31 Environmental, Social and Governance (ESG) policy
- 32 Audit Committee Report
- 34 Remuneration Committee Report

## AND HOW IT PERFORMS...

## FINANCIAL STATEMENTS

- 36 Independent Auditor's Report
- 41 Statement of Comprehensive Income
- 42 Statement of Financial Position
- 43 Statement of Changes in Equity
- 44 Statement of Cash Flows
- 45 Notes forming part of the Financial Statements

## OTHER INFORMATION

- 65 Glossary
- 66 Company Information



Get the latest investor news online  
[investors.manolete-partners.com](https://investors.manolete-partners.com)

# Strong growth in completed cases and cash generation

Our team have delivered strong case completions from the portfolio with a resulting increase in cash generation.

**618**

lifetime invested cases

**135**

cases completed in FY21

**£29.6m**

gross settlement income generated in FY21

**3.0x**

money multiple on completed cases in FY21

**11 months**

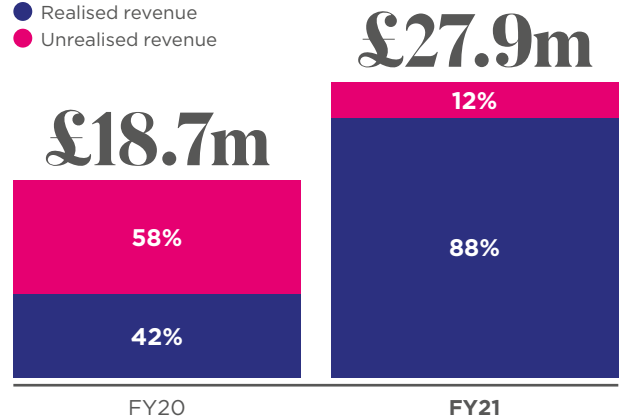
average duration of completed cases

**168%**

lifetime ROI

## REVENUE COMPOSITION

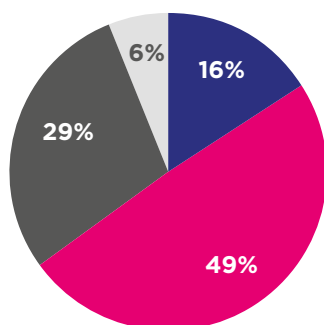
● Realised revenue  
● Unrealised revenue



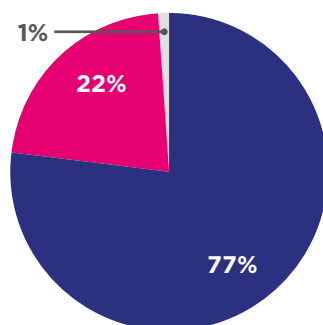
## FY21 GROSS CASH RECEIPTS

● 2021 ● 2020 ● 2019 ● 2013-2018

by vintage year

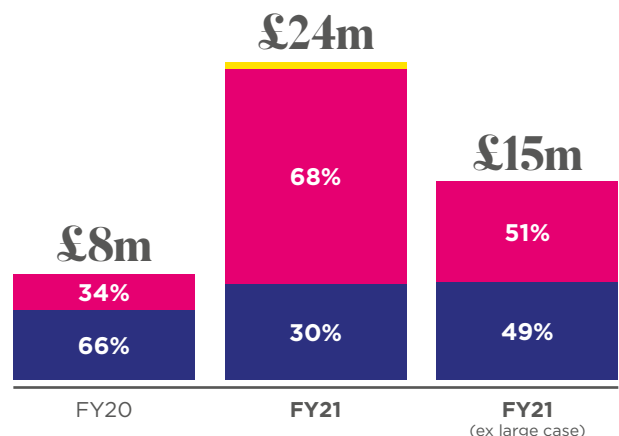


by completion year



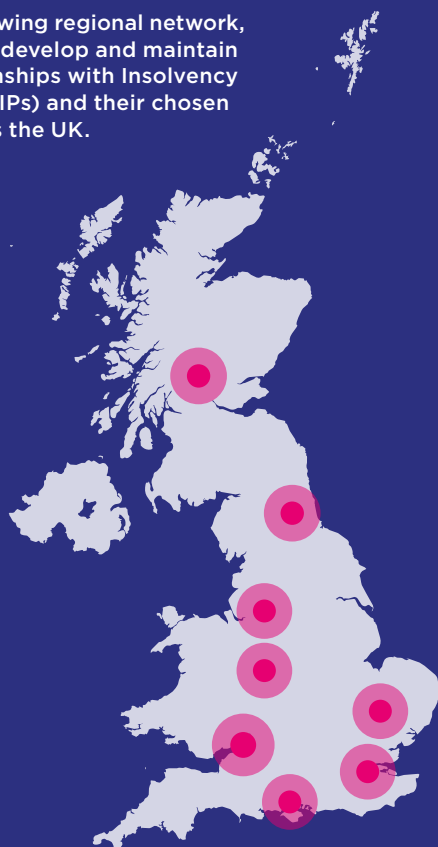
## REALISED REVENUE CASH CONVERSION

● Cash received ● Trade receivables ● Other income



## OUR REGIONAL NETWORK

We have a growing regional network, allowing us to develop and maintain strong relationships with Insolvency Practitioners (IPs) and their chosen lawyers across the UK.



## R3 REPORT 2021, THE VALUE OF THE INSOLVENCY, RESTRUCTURING AND TURNAROUND PROFESSION

In May 2021, the insolvency trade body, R3, reported on the essential contribution made to national and local economies by the professionals working in the insolvency sector.

The R3 report 'The value of the profession: how insolvency and restructuring supports the UK economy' said, "the insolvency, restructuring and turnaround profession plays a vital role in the UK economy. It promotes economic regeneration, resolves financial distress for businesses and individuals, saves jobs, and creates the confidence and public trust which underpin trading, lending and investment."

R3 surveyed its membership to determine: the number of businesses and jobs the profession rescues, the amount of money it returns to creditors, the number of businesses and individuals it advises.

### IN 2019, THE INSOLVENCY, RESTRUCTURING AND TURNAROUND PROFESSION:

- Rescued 7,200 businesses
- Saved 297,000 jobs
- Returned £1.82 billion to creditors
- Advised 60,000 businesses and 144,000 individuals

These figures help to illustrate the scale and importance of the profession's work to the wider economy.

## OUR NET WORTH REVIEW TEAM

A crucial feature of the case review and diligence process is the work done by our own in-house dedicated Net Worth Review team. Once the enquiry has been logged on our databases, the Net Worth Team are the first to analyse all new case enquiries. The team is led by Tracy Halson, who joined Manolete in 2014 and also includes Amanda Twohey and Jerusha Samy.

Their job is to provide an in depth insight into the financial worth of the potential defendants of the claims we are looking to buy or fund. They utilise various public databases and social media to build a profile of the defendants and on larger cases will use outside professional investigation services.

No matter how large or meritorious a potential claim might be, if the Net Worth assessment is failed, the case is politely rejected. Failure of the Net Worth assessment is the primary reason for Manolete rejecting around 70% of referrals.



# Building sustainable value

## OUR ASSETS



Our team of 11 experienced in-house insolvency lawyers and an experienced business development consultant.

Our proprietary network of relationships across the UK with Insolvency Practitioners and legal practices and barristers specialising in insolvency, which generates a high level of repeat business.

Our track record of financing 618 insolvency cases and completing 388 of those in an average duration of 11 months.

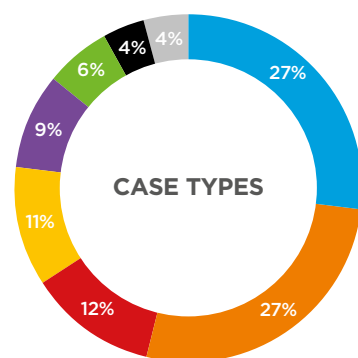
## WHAT WE DO



We finance the pursuit of claims through litigation and alternative dispute resolution to produce optimal returns for the creditors of insolvent companies and excellent returns for our shareholders. We also benefit the community as HMRC is very often the biggest creditor who gain significant returns secured by Manolete.

Most IPs are understandably risk averse, they usually act with personal liability.

Third party litigation finance allows Insolvency Practitioners to de-risk their position yet deliver superior returns to creditors.



- Misfeasance/Directors' negligence
- Directors' loan recovery (DLA)
- Transaction at undervalue (TUV)
- Breach of contract
- Preference
- Unlawful dividend
- Other
- Wrongful trading

## VINTAGES TABLE AS AT 31 MAY 2021

Vintage year	No. of investments	No. completed	% completion	No. outstanding	Open case investments	Closed case investments	Total invested £000
2010	3	3	100%	0	0	52	52
2011	0	0	-	0	0	0	0
2012	8	8	100%	0	0	763	763
2013	10	10	100%	0	0	174	174
2014	42	42	100%	0	0	594	594
2015	39	39	100%	0	0	1,404	1,404
2016	36	36	100%	0	0	1,919	1,919
2017	31	30	97%	1	286	1,101	1,387
2018	29	27	93%	2	1,290	1,544	2,834
2019	59	52	88%	7	413	1,923	2,336
2020	141	86	61%	55	2,004	2,981	4,985
2021	198	55	28%	143	2,489	946	3,435
<b>Total</b>	<b>596</b>	<b>388</b>	<b>65%</b>	<b>208</b>	<b>6,483</b>	<b>13,400</b>	<b>19,883</b>

(i) The vintages table excludes 22 cartel cases and is net of deductions for bad debt provisions (excluding ECL provisions).

(ii) Ongoing cases includes partial realisations.

(iii) The large case completion in FY21 is presented net of discounting.

OUR UNIQUE  
SELLING POINT

We offer Insolvency Practitioners a fast, risk-free and cost-effective means of securing optimal returns for creditors.

HOW IS SUSTAINABLE  
VALUE CREATED?

By revolutionising the insolvency litigation industry and causing it to turn away from the old model of low and slow returns to creditors using the Conditional Fee Agreement model to fast wins and optimal returns for creditors using the Manolete financing model.



## OUR OUTPUTS



We are focused on generating value for all our stakeholders, and are confident that our strategy and business model will enable us to continue delivering on a sustainable basis.

Our bespoke insolvency litigation business model enables us to deliver scalable results and is the basis for our objective of building sustainable shareholder and stakeholder value.

# c.1,700

licensed Insolvency Practitioners ('IPs') in the UK whose statutory duty is to investigate claims to maximise returns to creditors

Total recovered £000	Total gain £000	IP share £000	Manolete gain £000	Duration completed cases (months)	Return on investment %	Money multiple	IRR %
28	(24)	10	(35)	7.0m	(67%)	.3x	0%
0	0	0	0	0.0m	0%	.0x	0%
2,524	1,761	580	1,181	18.0m	155%	2.5x	236%
780	606	316	290	7.1m	166%	2.7x	281%
3,884	3,290	2,427	863	10.0m	145%	2.5x	424%
7,029	5,625	3,290	2,336	12.8m	166%	2.7x	526%
9,279	7,360	4,116	3,245	15.0m	169%	2.7x	181%
4,269	3,167	1,905	1,263	12.2m	115%	2.1x	554%
13,913	12,369	8,644	3,725	14.0m	241%	3.4x	484%
13,166	11,243	6,294	4,949	14.4m	257%	3.6x	152%
11,028	8,048	4,629	3,419	10.2m	115%	2.1x	220%
3,619	2,673	1,425	1,248	5.0m	132%	2.3x	583%
<b>69,517</b>	<b>56,117</b>	<b>33,635</b>	<b>22,482</b>	<b>11.1m</b>	<b>168%</b>	<b>2.7x</b>	<b>132%</b>



# A changing economy brings opportunities

We have a clear strategy for growth and have made good progress during the year.

## OUR FOUR STRATEGIC OBJECTIVES TO DRIVE GROWTH



### GROW THE BUSINESS

Increase market share; facilitate market transition from old Conditional Fee Agreement model to more efficient litigation funding model.



### GROW REGIONAL PRESENCE

Grow regional presence in order to increase enquiries from IPs and their lawyers.



### GROW CAPITAL DEPLOYMENT

Raise Manolete profile in Insolvency marketplace.



### GROW EXPERT PEOPLE

Raise Manolete profile in the Investment Community.

## PROGRESS IN THE YEAR ENDED 31 MARCH 2021

Revenue increased by 49% from £18.7m to £27.8m and investments grew from £32.4m to £37.5m. EBIT decreased by 25% from £9.8m to £7.4m.

Recruitment of full regional network of high quality in-house legal team now complete. All regions of England, Scotland and Wales covered by twelve highly experienced in-house insolvency litigators. London and Midlands supported by additional Business Development staff.

Full utilisation of three-year strategic marketing agreements with R3, IPA and ICAEW including relevant Annual and Regional Conferences. Manolete voted 'Insolvency Litigation Funder of the Year' at industry awards. Sponsorship and presentations at other leading industry conferences. Any industry events cancelled due to COVID-19 are being rolled over into a further year of the contracts.

Attendance and presentation at five online investor events in FY21. Overriding aim is to educate investor community in Manolete's specialist insolvency litigation finance model and how it is distinct to the broader litigation funding industry. Manolete voted 'Growth Company of the Year' at Shares Awards 2019.

### ASSOCIATED RISKS

Risk of dilution of quality cases.

Risk of dilution in quality of staff and risk of high-quality staff leaving.

Potential competition.

Investor lack of appreciation of key differences between various funder models.

### RISK MITIGATION

Continued stringent application of net worth and legal due diligence procedures on all new enquiries.

Robust recruitment and quality control procedures plus Remuneration Committee focus on staff incentivisation: salary, bonus and share schemes.

All key strategic marketing agreements are based on contractual three-year agreements. Most events give Manolete exclusive rights as Litigation Funder.

CEO and CFO present at all meetings to ensure consistency and clarity of messaging.



# The Manolete model is well understood

We are committed to developing our investment case to maintain our growth potential.

## TRACK RECORD OF HIGH GROWTH AT HIGH RETURN ON INVESTMENT

- Manolete is the leading player in the UK insolvency litigation financing sector.
- Headline claim value of £1.5bn a year of which approximately £750m is recovered.
- Number of cases invested in FY21 up by 57 cases (40%) to 198 new case investments in FY20 from 141 new case investments in FY20.
- Lifetime ROI of 168% and MoM of 2.7x achieved across 388 completed cases.

## ESTABLISHED LEADING POSITION WITH KEY BUSINESS INTRODUCERS

- During FY21 Manolete won the Turnaround Restructuring and Insolvency UK industry award for 'Litigation funder of the Year' for the fourth time in five years.
- Professor Peter Walton Report in April 2020 states that Manolete has a 67% market share of the funded segment of the insolvency litigation funding market.
- The market is still dominated by the old CFA/ATE model but this presents the growth opportunity for Manolete.

## STRUCTURAL CHANGE IN MARKET PROVIDING GROWTH OPPORTUNITIES

- The Jackson Reforms (April 2016) made the old CFA/ATE model much less attractive to Insolvency Practitioners.
- The Small Business Enterprise and Employment Act (2015) enabled third party funders to purchase most Insolvency Act claims – since 1986 third parties have been able to purchase insolvent company claims.
- In 2016, Insolvency Regulators changed SIPP 2 to direct Office Holders to seek third party funding for claims.

## NEW FUNDS TO INCREASE VOLUME AND SIZE OF INVESTMENTS

- The IPO has significantly increased Manolete's profile in the UK insolvency market.
- The IPO funds have enabled Manolete to rapidly build out its UK regional in-house network that covers all leading commercial areas from Edinburgh to Southampton.
- As at 31 March 2021, Manolete also had gross cash balances of £1.1m available for investment and working capital.
- HSBC provides Manolete with a £20m RCF, £12m of the facility remains currently unutilised as at 31 March 2021. A new three year £25m RCF facility was agreed with HSBC on 22 June 2021 running to 1 July 2024 with an option to extend for a further year and an approved but uncommitted £10m accordion facility, if ever required.

## ENTREPRENEURIAL AND PROFESSIONAL MANAGEMENT TEAM WITH PROVEN HISTORY

- Proven management team where the key executives have operated in the UK Insolvency market since 2009.
- Long track record of delivering market leading returns on invested cases with the shortest durations per case.
- As at 31 March 2021 there were 245 live cases giving the Company a well-diversified and granular case portfolio.

# Record Case Completions



**“The Company’s results reflect the strength, resilience and capabilities of the business.”**

**Peter Bertram** | Non-Executive Chairman

**I am pleased to report that the Company has delivered a resilient performance in an unprecedented year with 198 new case investments in the year to 31 March 2021.**

## OVERVIEW

I am pleased to report the Company has delivered a resilient performance in an unprecedented year with 198 new case investments in the year to 31 March 2021.

The Company's results reflect the strength, resilience and capabilities of the business through its expanding network of Insolvency Practitioners and insolvency lawyers throughout the UK.

## FINANCIAL RESULTS

Revenues for the year to 31 March 2021 increased by 49% to £27.8m (FY20: £18.7m) and Profit before Tax was £7.0m compared to £9.5m in the prior year.

There were 135 case completions (FY20: 54 case completions) which is a record for the Company and these generated Gross Cash Receipts of £12.2m (FY20: £7.6m) (Net Cash receipts of £6.8m (FY20: £3.2m)) and realised revenue of £24.4m (FY20: £7.8m).

We agreed on 22 June 2021 a new £25m Banking Facility with HSBC to support the growth of the business. This Revolving Credit Facility is for three years and has the option to extend for another year together with a further approved but uncommitted £10m accordion. Details are set out in the CFO's report.

## STRATEGY

We remain focused on strengthening the profile of Manolete and an important component to our strategy is to continue to build upon our network of established Insolvency Practitioner and insolvency lawyer contacts throughout the UK.

The COVID-19 pandemic resulted in the UK Government introducing the Corporate Insolvency and Governance Act 2020 ('temporary measures') to protect employment and businesses which has led to a fall in corporate insolvencies. These Temporary Measures are due to end on 30 September 2021 and have impacted our business particularly in the second half of the year.

## DIVIDEND

The Board has reviewed the dividend policy and is recommending a final dividend of 1.00p (FY20: 3.00p) per share giving a total dividend for the year of 2.17p (FY20: 4.17p) per share. Subject to the approval of shareholders at the Annual General Meeting on 21 September 2021, the dividend to Ordinary Shareholders will be payable on 7 October 2021 to those shareholders who are on the register of members at 10 September 2021.

## CORPORATE GOVERNANCE

The Board of directors is committed to good corporate governance. The Company has adopted the ten principles of the 2018 Version of the Corporate Governance Code as set out by the Quoted Companies Alliance. Our arrangements are further described in our Corporate Governance Statement on pages 28 to 30. During the year the Board undertook a formal board evaluation exercise. The Company is also committed to a robust Environmental, Social and Governance (ESG) Policy which is set out on its website.

The Audit Committee report on pages 32 and 33 and the Remuneration Committee report on pages 34 and 35 describe the remits and approaches of those committees to fulfilling their governance responsibilities. A statement on corporate governance is also provided on our website ([investors.manolete-partners.com/company-information/corporate-governance](https://investors.manolete-partners.com/company-information/corporate-governance)).

## PEOPLE

On behalf of the Board and shareholders, I would like to thank our staff for their commitment and hard work during the year.

## BOARD

This is my last statement as Non-Executive Chairman as I will be retiring as Chairman of the Board at the forthcoming AGM. We have separately announced today that Lord Leigh of Hurley has joined the Board as Chairman Designate.

## OUTLOOK

While we continue to trade profitably, the numbers of new cases have been negatively impacted by the Government's Temporary Measures. As the country moves out of lockdown, we expect the Government to end these measures and we anticipate a return to business as normal.

Overall, the business is very well-positioned in the insolvency litigation financing market for long-term profitable growth.

### Peter Bertram

Non-Executive Chairman

22 June 2021

## CORPORATE GOVERNANCE

Our Board is entirely committed to applying high standards of governance.

The Board has adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code or the Code) and is actively applying the ten principles of the Code.

 [More on our governance principles](#)  
**Pages 28 to 30**

# Passing the Stress Test



**“Against this temporary, artificial UK insolvency market background the Company delivered strong key performance indicators in FY21.”**

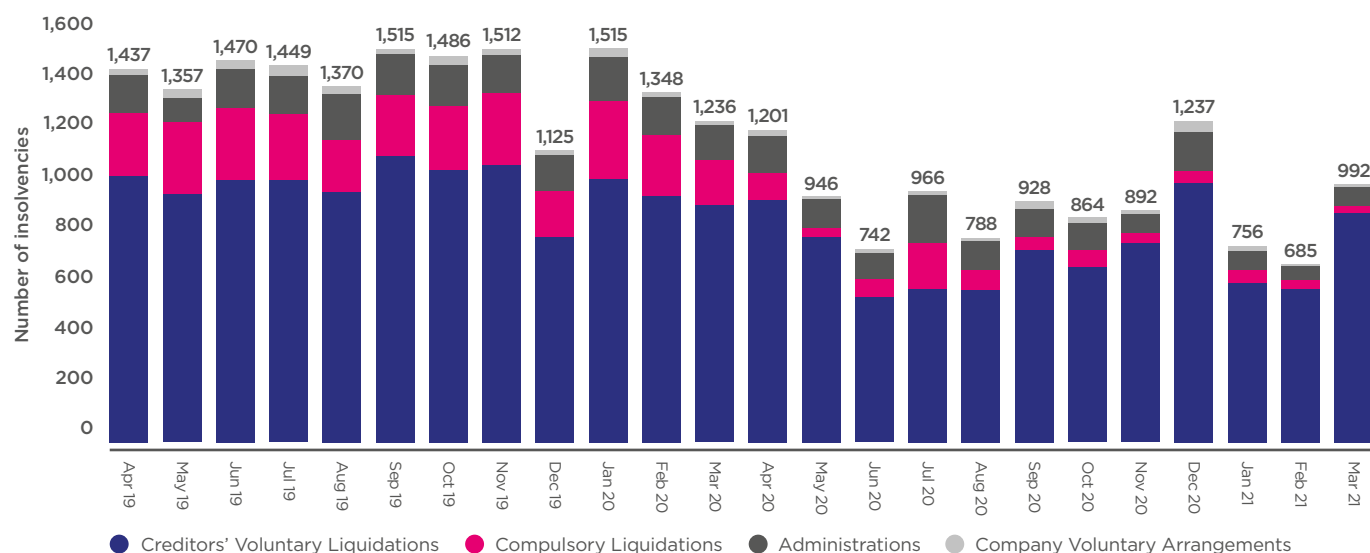
**Steven Cooklin** | Chief Executive Officer

**I am pleased to report on significant delivery to shareholders for the financial year ended 31 March 2021.**



## MONTHLY INSOLVENCY NUMBERS – ENGLAND AND WALES APRIL 2019 TO MARCH 2021

Source: The Insolvency Service March 2021



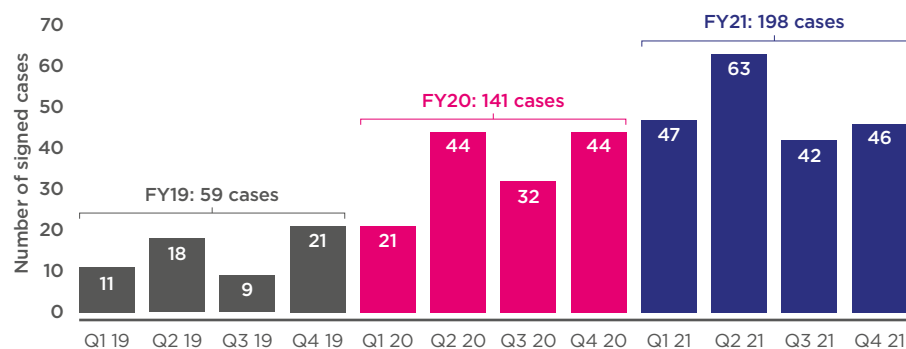
The business reported a highly creditable performance despite the extraordinary measures taken by the UK Government to suppress the level of UK insolvencies, using temporary legislative measures contained within the Corporate Insolvency and Governance Act 2020 (the 'Temporary Measures'), in order to protect businesses and employment during the COVID-19 pandemic.

Total UK corporate insolvencies in the year ended 31 March 2021 were 11,661 compared to 18,194 for the prior year: a decrease of 35.9%. Having been extended twice before, those Temporary Measures are currently due to end on 30 September 2021. However, most commentators would agree the Government's restrictions cannot continue indefinitely and, interestingly May 2021 Creditor Voluntary Liquidations (by far the most common type of company insolvency) were back to pre-Covid levels, even with those restrictions in place. Against this temporary, artificial UK insolvency market background the Company delivered resilient key performance indicators in FY21:

- Invested in 198 new UK insolvency claims, an increase of 40% (FY20: 141);
- 135 cases were completed, an increase of 150% (FY20: 54);

## NEW CASES SIGNED BY QUARTER

Source: Management accounts



- Realised revenues on completed cases were £24.4m, an increase of 214% (FY20: £7.8m);
- Gross cash receipts from completed cases were £12.2m, an increase of 61% (FY20: £7.6m);
- The Company's retained share of gross cash receipts from completed cases (after all legal costs and payments to Insolvent Estates) was £6.8m, an increase of 113% (FY20: £3.2m);
- Cash generated from operations (after all overheads but before new case investments and taxation) was £2.8m compared to an outflow of £0.7m in FY20; and
- EBIT decreased to £7.4m, a decrease of 25% (FY20: £9.8m).

As at 31 March 2021, the Company had £12m committed but undrawn funds on its Revolving Credit Facility with HSBC, the same position as at 31 March 2020. We have now agreed on 22 June 2021 a new RCF for £25m over an initial three-year period to 1 July 2024, with an option to extend by a further year. The new RCF also offers the Company an additional approved but uncommitted £10m accordion, if ever required. The interest rate is a maximum 2.9% over SONIA.

The Company's operating and financial results were largely unaffected until September 2020. Since then, the number of new case enquiries and new case investments have slowed. The graph on the previous page shows the number of new signed cases per quarter. For Q1 and Q2 FY21, those quarters were strongly ahead of their comparative quarters for the prior year. The Temporary Measures (which were originally scheduled to end in September 2020) adversely impacted the performance of Q3 and Q4 of FY21, relative to Q1 and Q2 in FY21.

As cases completed at record levels throughout the year, our realised revenues and realised profits were strongly ahead of FY20. However, unrealised profits (on newly signed cases) were inevitably adversely impacted as the number of newly signed cases slowed in H2 of FY21. As at 31 March 2021, the Board has also carefully and conservatively reviewed the carrying value of all live cases in the light of the prevalent general UK economic conditions. The combined effect of these two factors resulted in unrealised revenues declining from £10.9m in FY20 to £3.4m in FY21. Overall, for FY21, 88% of total revenues (FY20: 42%) of £27.8m (FY20: £18.7m) and 75% of total gross profit (FY20: 24%) of £13.4m (FY20: £14.4m) were from realised completed cases – a strong testament to the Company's business model delivery.

Cash generation was very strong throughout FY21, particularly in the second half of FY21 which accounted for 66% of gross cash receipts from completed cases. Overall gross cash rose 61% to a record £12.2m for FY21. It should be noted that only 26% of those cash receipts came from cases completed in FY21 whereas 61% derived from cases that completed in FY20 (43%) and FY19 (18%), the balance of 13% coming from earlier case investment vintages. This highlights the cash latency in the Company's financial results: the large majority of the cash benefit of FY21's record realised revenues of £24.4m is yet to be reflected in the Company's cash reserves. The £12.2m of cash generated derived from 141 separate cases (FY20: £7.6m from 74 historical cases), which highlights the wide diversity and granularity of the Company's cash income.

The Cartel Cases continue to progress as expected and we note trials of similar related truck cartel cases are now scheduled in 2022. As COVID-19 has caused delays in the operation of the Competition and Appeals Tribunal, the Board has not adjusted the Fair Value of our Cartel Cases in FY21 which are valued at £7.1m (FY20: £7.1m).

The Company did not apply for any COVID-19 support, for example Government backed lending schemes or delayed tax settlements and no staff were put on furlough.

## INVESTMENT RETURNS

Our investment track record, by vintage, continues to deliver outstanding results. All vintages, up to and including FY16, have been completed and FY17 has only one case remaining. FY18 cases are now 93% complete, FY19 88% complete and well over half of the FY20 cases. Manolete's model is characterised by short case durations, high ROIs (Return on Investment), exceptional Money Multiples and very high IRRs. We calculate case duration from the date we sign the investment agreement to the date the case is legally concluded. On average, cash collection takes around 12 months after legal completion.

The more mature later vintages of FY18, FY19 and FY20 all have total case recoveries of over £10m per year and IRRs ranging from 152% to 484%. The FY21 vintage already shows 55 completed investments at an average duration of just 5.0 months per case.

## INDUSTRY RECOGNITION

On 9 December 2020, Manolete was voted Insolvency Litigation Funder of the Year for the fourth time in the last five years at the industry's prestigious Turnaround Recovery and Insolvency Awards. A great testament to the tremendous work of all the Company's employees.

## BOARD CHANGE

We have announced Peter Bertram will be retiring as Chairman of the Board at our forthcoming AGM, to be replaced by Lord Leigh of Hurley. Lord Leigh has now joined the Board and the intention is for him to transition to the Chairman's role at the forthcoming AGM later this year. I would like to record our great thanks to Peter for his expert guidance and leadership of the Board in the lead up to our IPO in 2018 and to our position as a well-established listed company.

## COVID-19 IMPACT AND CURRENT TRADING

The Board remains focused on the health, safety and well-being of all colleagues. Throughout the COVID-19 pandemic period, we have operated without interruption, none of our people were placed on furlough, and the Company has not taken advantage of any other Government support measures. Colleagues adapted well to remote working during lockdown periods and previous investments in our IT and operating infrastructure have proven to be invaluable.

Our work lends itself particularly well to the new environment: almost all cases come to us in electronic format; our settlement meetings (Mediations and Without Prejudice settlement meetings) easily transitioned to online video conference format and the Courts worked very hard to keep trials and hearings on track using online technologies.

At the time of writing, the UK continues to emerge cautiously but steadily from lockdown restrictions, particularly thanks to the seemingly effective vaccine roll-out programme. If that progress continues, we would expect the business operating environment, including the workings of the UK insolvency system, to resume normal operations in due course. As many commentators have noted, once the Temporary Measures end, there is likely to be a material increase in the number of UK insolvencies over an extended period of time, due to the backlog that has built up while those measures have been in force since June 2020. The UK's highly regarded insolvency system plays a vital role in allocating resources in the UK economy to sustainable and profitable companies and we expect it to play a vital role as Britain builds back better.

As many have predicted, the COVID-19 crisis is likely to lead to widespread global economic disruption. As we have said previously, we expect there will be an unavoidable knock-on effect for the UK economy and it is likely that this will lead to an increase in case referrals to Manolete in the months to come.

## PEOPLE AND STAKEHOLDERS

I am enormously grateful to our in-house legal team and the finance and Net Worth Support team. It has been a very busy year, despite the challenges of COVID-19. All have performed admirably and are a great credit to the Company. My special thanks go to our Head of Legal, Mena Halton, who has onboarded and supervised a much larger UK-wide in-house legal team, on top of her day-to-day case work. The Company's excellent results are a great reflection of that work.

I would also like to record my thanks to the many Insolvency Practitioners and solicitors who refer cases to us. The majority of invested cases are from the same Insolvency Practitioner firms, and it is this recurring referral network that is the core engine of the Manolete business which has been built over the last 12 years.

I am pleased we continue to deliver on the growth plans, as we accelerate our growth through investing in more claims, accepting higher value cases and further developing our UK regional network.

### Steven Cooklin

Chief Executive Officer

22 June 2021

# Monitoring our performance



**“This year has been an exceptional year of case completions in a difficult environment for the insolvency litigation market.”**

**Mark Tavener** | Chief Financial Officer

**I am pleased to give my review of the Company's audited results for the year to 31 March 2021.**

## FINANCIAL HIGHLIGHTS

- Revenue up 49% to £27.8m (FY20 £18.7m);
- Realised revenue comprises 88% of revenue (FY20 42%); EBIT down 25% to £7.4m (FY20: 9.8m);
- Investment in cases up 16% £37.5m (FY20 £32.4m);
- 198 new case investments;
- 135 case completions.



## FINANCIAL OVERVIEW

	31 March 2021 £000s	31 March 2020 £000s	YoY growth %
<b>Financial KPIs</b>			
Revenue	<b>27,832</b>	18,682	49
Gross profit	<b>13,412</b>	14,390	(7)
Gross margin %	<b>48.2%</b>	77.0%	
EBIT	<b>7,398</b>	9,804	(25)
EBIT %	<b>27%</b>	53%	
Profit after tax	<b>5,700</b>	7,615	(25)
Investment valuation	<b>37,508</b>	32,415	16
<b>Non-financial KPIs</b>			
New cases	<b>198</b>	141	40
Completed cases <sup>1</sup>	<b>135</b>	54	150
Live cases at year end <sup>1</sup>	<b>245</b>	175	40

1 including 7 partially completed cases & 22 cartel cases in FY21 (2 partial completions and 22 cartel cases in FY20).

During FY21, the Company completed a record 135 cases (FY20: 54) converting historical unrealised gains into realised revenue and profit. FY21 has seen a transition in the Company's revenue and margin mix, with realised revenue accounting for 88% of revenue (FY20: 42%) and 75% of gross profit.

This transition has driven improved operational cash generation before investment in cases and corporation tax to £2.8m (FY20: £(0.7)m) but has also resulted in the decline in gross margin from 77% in FY20 to 48% in FY21 as unrealised revenue flows through to gross profit at 100% margin. EBIT has decreased to £7.4m due to the increase in administrative costs by £1.4m primarily due to the full year impact of the lawyers recruited during FY20.

While the Company has completed a record number of cases, we have also signed 198 new cases (FY20: 141). However, due to the Government's COVID-19 business support measures expected to remain in place until 30 September 2021, the sector has seen a notable decline in the level of insolvencies within the market during H2 which has translated into a reduced level of new case additions for Manolete in H2 FY21, 88 compared with 110 in H1 FY21 which has consequently impacted on unrealised revenue during FY21.

## REVENUE

	31 March 2021 £000s	%	31 March 2020 £000s	%
Realised revenue	<b>24,427</b>	<b>88</b>	7,782	42
Unrealised revenue	<b>3,405</b>	<b>12</b>	10,900	58
Revenue	<b>27,832</b>		18,682	

Despite the short-term drag on new cases, the Company's total revenues have increased significantly by 49% to £27.8m (FY20: £18.7m).

Realised revenue grew 214% to £24.4m (FY20: £7.8m) due to a record level of case completions, with 135 completions during the year including a significant case completion, which is explained in further detail below.

The decrease in unrealised revenue derives from a combination of the higher level of case completions (moving from unrealised revenue to realised revenue), a temporary slow-down in the insolvency market which reduced new case additions during H2 FY21 and the Board's reassessment of investment valuations in light of the pandemic which resulted in reduction of the Fair Value across ongoing live cases. Note 13 of the accounts provides a breakdown on the fair value movement.

## SIGNIFICANT CASE COMPLETION

A significant case was completed during the year, for a settlement of £15m generating an undiscounted gross profit of £4.4m. The settlement is payable to Manolete over a 10-year period which is exceptional in nature when compared with all other case settlements in the Company's history which typically settle within 12 months.

Consequently, in accordance with IFRS 9, the gross proceeds of £15m have been discounted to revenue of £9.3m and gross profit of £2.8m in the FY21 accounts at an appropriate discount rate to recognise the significant financing component implicit in the arrangement. This represents an ROI of 1,592% before discounting and 1,019% after discounting. The impact of the settlement on the FY21 results is illustrated below.

	Discounted large case £000s	All other cases £000s	31 March 2021 £000s	31 March 2020 £000s
<b>Profit and Loss</b>				
Revenue	9,315	18,517	<b>27,832</b>	18,682
Cost of sales	(6,496)	(7,924)	<b>(14,420)</b>	(4,292)
Gross profit	2,819	10,593	<b>13,412</b>	14,390
Gross profit margin %	30%	57%	<b>48%</b>	77%
<b>Balance Sheet</b>				
Trade and other receivables	9,594	8,754	<b>18,348</b>	5,897
Trade and other payables	6,511	3,655	<b>10,166</b>	3,441

	31 March 2021		31 March 2020	
	Gross Profit £000s	Gross Margin %	Gross Profit £000s	Gross Margin %
<b>Gross Profit</b>				
Realised gross profit	<b>10,007</b>	<b>40%</b>	3,750	45%
Unrealised gross profit	<b>3,405</b>	<b>100%</b>	10,640	100%
Gross profit	<b>13,412</b>	<b>48%</b>	14,390	77%

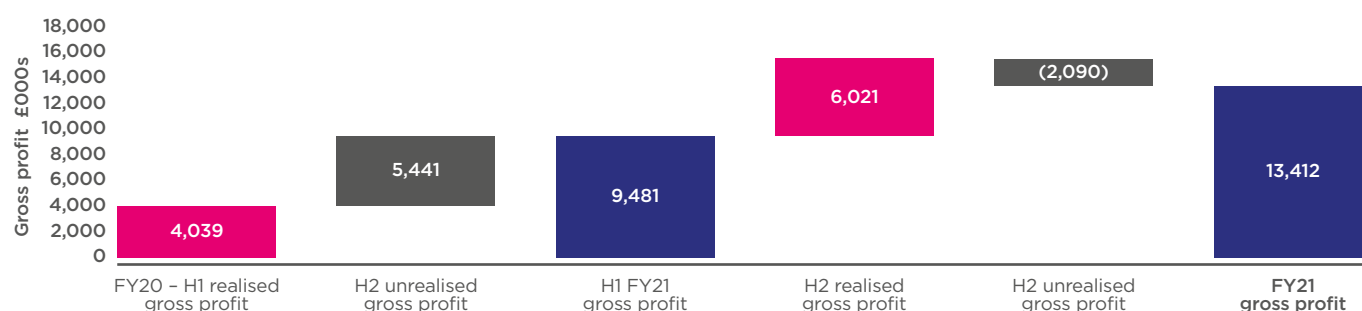
The decline in gross profit of 7% to £13.4m in FY21 (FY20: £14.4m) and the decrease in gross margin from 77% to 48% was a result of the increased proportion of realised revenue, for which revenue and related costs of sales are recognised, whereas unrealised revenue (the Company's expected profit on each case) is recorded at 100% margin which is illustrated in the analysis of gross profit above. The large case completion in FY21 also impacted the gross margin for FY21.

## GROSS PROFIT: H1 V H2

Reported gross profit in the six months to 30 September 2020 was £9.5m (71% of total gross profit), however, in the six months to 31 March 2021 was £3.9m (29% of total gross profit). Realised profits grew from £4.0m H1 to £6.0m in H2, but have been offset by a significant fall in unrealised profits from £5.4m in H1 to £(2.1)m in H2 as the impacts of the COVID-19 measures protecting businesses have started to filter through.

The ongoing Government temporary insolvency restrictions contained in the Corporate Insolvency and Governance Act 2020 which commenced in June 2020 and are due to largely expire in September 2021 have led to a decrease in the number of UK insolvencies since the start of the COVID-19 pandemic, which has seen the rate of the Company's new case additions slow from 110 in H1 to 88 in H2.

The directors have also carefully considered the investment valuations based on the challenging economic conditions and have adjusted case valuations where there has been evidence of defendants having impaired asset positions which has impacted on total potential claim value in H2.



## ADMINISTRATIVE EXPENSES

	31 March 2021 £000s	31 March 2020 £000s	YoY growth %
Salaries and wages	3,486	2,573	35%
Bad debt expense	1,366	535	155%
Professional fees	533	433	23%
Marketing	168	513	(67)%
Other costs, including office costs	461	532	(13)%
Administrative costs	6,014	4,586	31%

Administrative expenses increased by 31% to £6.0m (FY20: £4.6m) but decreased as a proportion of gross revenue from 25% FY20 to 22% FY21. The increase in administration expenses was primarily a result of increases in staff costs and bad debt expense.

Staff costs increased as the full year impact of previously recruited in-house lawyers and inflationary salary increases while headcount has increased marginally from 19 as at 31 March 2020 to 21 as at 31 March 2021.

In FY21, we have taken a cautious approach to providing against the small number of overdue receivables, particularly given the economic uncertainties due to the COVID-19 pandemic. We have increased our specific provision by £1.6m and we have also increased the level of our lifetime expected credit losses by £0.5m as shown in note 16. This has driven an increase in the bad debt expense in FY21 to £1.4m (FY20: £0.5m) which reflects the net credit risk to the Company after the gross provision against trade receivables is adjusted for a corresponding reduction in share of profits due to the Insolvency Practitioner.

Professional fees in FY21 include the services of two business development consultants (together a cost of £110k FY21) to further develop new cases.

Marketing costs decreased significantly by 67% in FY21, a direct result of COVID-19 restrictions limiting the ability to undertake business development activities.

## OPERATING PROFIT (EARNINGS BEFORE INTEREST AND TAX)

Operating profit decreased by 25% to £7.4m (FY20: £9.8m) with the operating margin decreasing to 27% (FY20: 53%). There were no exceptional items in FY21 or in FY20.

## FINANCE COSTS

The Company agreed a £20m debt facility with HSBC in December 2018 to facilitate the growth of its case load in the future. The Company pays a 0.7% commitment fee on any unused facility with HSBC. As at 31 March 2021, £8.0m of the £20m HSBC facility has been drawn down, which is the same level of drawdown as at 31 March 2020.

During the year, the Company incurred £0.5m of finance costs (FY20: £0.4m). Loan interest amounted to £0.3m (FY20: £0.2m) and the remaining costs of £0.2m (FY20: £0.2m) comprised the amortisation charges of the costs of setting up the facility. The unamortised costs of £0.3m in the balance sheet are being amortised over the four-year life of the facility.

## PROFIT BEFORE TAX

Profit before tax has decreased by 26% to £7.0m (FY20: £9.5m). The Company's pre-tax profit margin has decreased from 51% to 25% in FY21.

## TAXATION

The Company's effective rate of tax is 17.9%. The Company will discharge its corporation tax liabilities over the next few months.

## PROFIT AFTER TAX

Profit after tax has decreased by 25% to £5.7m (FY20: £7.6m). The post-tax margin has decreased from 41% to 20%.

## BASIC EARNINGS PER SHARE

As disclosed in Note 12, earnings per share decreased by 26% from 17 pence to 13 pence.

## BALANCE SHEET - INVESTMENT IN CASES

The Company was managing 245 live case investments as at 31 March 2021, compared to 175 live cases as at 31 March 2020, a net increase of 70 cases, or 40%. The total investment in cases amounted to £37.5m in FY21, an increase of 16% (FY20: £32.4m). Investment in cases are shown at fair value, based on the Company's estimate of the likely future realised gross profit, plus costs incurred.

Management, following discussion on a case-by-case basis with the in-house legal team, amend valuations of cases each month end to accurately reflect management's view of fair value. In addition, at the interim and final reporting periods, a sample of material valuations are corroborated with the external lawyers working on the case, who provide updated legal opinions as to the current status of the case. The Company does not capitalise any of its internal costs, these are fully expensed to the Statement of Comprehensive Income as incurred.

## OPERATIONAL CASHFLOWS

	31 March 2021 £000s	31 March 2020 £000s
Gross cash receipts	12,203	7,569
IP share & legal costs on completed cases	(5,376)	(3,897)
<b>Cashflows from completed cases</b>	<b>6,827</b>	<b>3,172</b>
Overheads	(4,040)	(3,918)
<b>Net cash generated / (used) in operations before investment in cases and corporation tax</b>	<b>2,787</b>	<b>(746)</b>
Corporation tax	(1,923)	(3,431)
Investment in cases	(5,887)	(4,098)
<b>Net cash used in operations</b>	<b>(5,023)</b>	<b>(8,275)</b>
% growth in case cash investments	44%	67%

## GROSS CASH RECEIPTS

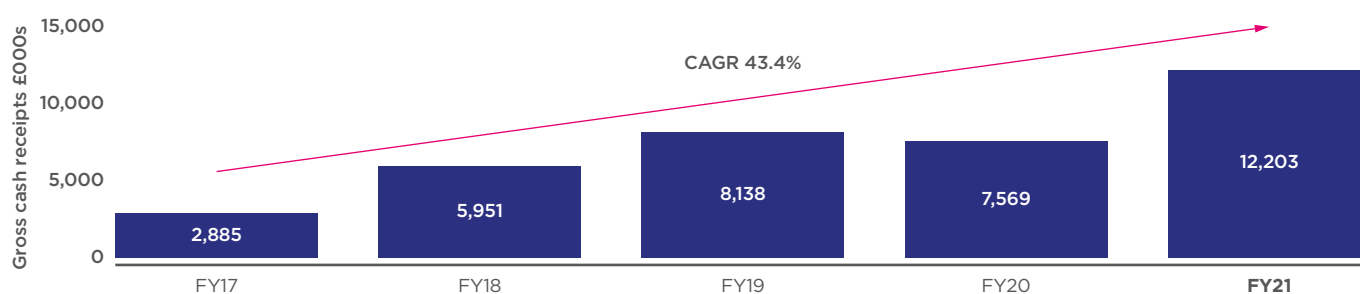
Following the IPO in December 2018, the Company has experienced a period of significant investment with a total of 360 new cases signed. In FY21, while the level of cash investment in new cases continued to grow, the rate of growth slowed to 44% in FY21 compared with 67% in FY20 whilst there has been an acceleration in case completions which grew to 135 in FY21 (FY20: 54) and resultant cash collection.

This inflexion has driven strong growth in gross cash receipts from £7.6m in FY20 to £12.2m in FY21 (61%) and importantly, cash generated from operations before investment in cases and corporation tax has increased from a cash outflow of £(0.7)m in FY20 to a cash inflow of £2.8m in FY21 which has been reinvested into the portfolio.

## OVERHEADS &amp; CORPORATION TAX

Excluding non-cash items (including bad debt expense), cash incurred on overheads remained broadly stable at around £4.0m. The Company has benefited from savings on marketing and travel as a consequence of restrictions from the COVID-19 pandemic and improved operational leverage as revenue and case numbers have grown and the lawyers recruited during FY20 have been fully deployed.

Corporation tax paid during the year fell from £3.4m in FY20 to £1.9m as the Company settled one-off historical corporation tax liabilities of £2.6m with HMRC during FY20. As corporation tax is paid on unrealised as well as realised profits, the Company effectively pre-pays an element of its corporation tax liability. In FY21, the Company generated unrealised profits of £3.4m (FY20: £10.9m) of which corporation tax is payable at 19% totalling £0.6m (FY20: £2.1m).



\* CAGR is compound annual growth rate.



## INVESTMENT IN CASES

We have continued to invest heavily in our existing and new cases with total capital of £5.9m deployed during FY21 compared with £4.1m in FY20 which has been funded through cash receipts and our HSBC loan facility.

## WORKING CAPITAL

The £6.3m movement in working capital shown in the statutory cashflow (which excludes movements on prepayments and the property loan of £500k presented within other receivables in the notes to the financial statements) during FY21 is primarily due to a significant case completion (£3.1m) which is being settled over a 10 year period. Excluding the significant case completion which management view as an exceptional case, there was a £3.2m absorption into working capital due to the increased level of realised income during FY21. This increase in net trade receivables will generate cash in FY22. Debtor days on a countback basis increased from 150 in FY20 to 202 in FY21 mainly due to the settlement of the large case which is being settled over 10 years. Excluding the large case settlement, there has been a small decrease in debtor days to 142 (FY20: 150), albeit this has been limited by the Government-imposed moratorium on residential possession orders which has put a temporary halt on collection of several of our receivables. The moratorium has now been partially lifted as of the 31 May 2021.

## NET WORKING CAPITAL

	Large case £000s	All other cases £000s	31 March 2021 £000s	31 March 2020 £000s
Net working capital	3,084	5,124	<b>8,208</b>	1,946
Change in net working capital	(3,084)	(3,178)	<b>(6,262)</b>	
DSO <sup>1</sup> basic			<b>265</b>	244
DSO <sup>1</sup> countback		142	<b>202</b>	150

<sup>1</sup> Days sales outstanding.

## DEBT FINANCING

The Company has drawn down £8.0m of its £20m HSBC loan facility and has continued to deploy loan capital to finance investment in cases. The Company held cash reserves of £1.1m as at 31 March 2021 which are available to both respond to any uncertainty over the COVID-19 pandemic and to deploy on new case investment. It also has £12m available of the £20m facility with HSBC and this facility and the cash reserves will be used to finance the growth of the case portfolio over the next few years. The Company has complied with its financial covenants during the year. A further drawdown of £2m has been made post year end.

We have agreed on 22 June 2021, a new RCF for £25m over an initial three-year period to 1 July 2024, with an option to extend by a further year. The new RCF also offers the Company an additional approved but uncommitted £10m accordion, if ever required. The interest rate is a maximum 2.9% over SONIA.

### Mark Tavener

Chief Financial Officer

22 June 2021

# Attractive Returns from a Strong Portfolio



**“The cumulative number of signed litigation investments has increased to 618 cases.”**

**Steven Cooklin** | Chief Executive Officer

**The directors present their strategic report for the year ended 31 March 2021.**

## FINANCIAL KPIs

	31 March 2021 £000s	31 March 2020 £000s	% change
<b>Revenue</b>	<b>27,832</b>	18,682	49%
<b>Gross profit</b>	<b>13,412</b>	14,390	(7)%
<b>Operating profit</b>	<b>7,398</b>	9,804	(25)%
<b>Profit after tax</b>	<b>5,700</b>	7,615	(25)%
<b>Value of investments</b>	<b>37,508</b>	32,415	16%
<b>Gross settlement income</b>	<b>29,554</b>	10,227	189%
<b>Money multiple on completed cases</b>	<b>3.0x</b>	4.6x	(35)%

## NON-FINANCIAL KPIs

	31 March 2021 No.	31 March 2020 No.	% change
<b>Number of signed litigation investments</b>	<b>618</b>	420	47%
<b>Live cases</b>	<b>245</b>	175	40%
<b>New cases</b>	<b>198</b>	141	40%
<b>Completed cases</b>	<b>135</b>	54	150%
<b>New case enquiries</b>	<b>578</b>	493	17%

The movements in key performance indicators are analysed in the Report of the Chief Executive Officer on pages 10 to 13 and the Report of the Chief Financial Officer on pages 14 to 19.

## STRATEGY AND BUSINESS MODEL

The Company's strategy for growth and its business model are described in detail on the following pages and the Company's website, [www.manolete-partners.com](http://www.manolete-partners.com).

On pages 21 and 22, we have set out the principal risks which may present challenges in executing the business model and delivering the strategy.

Given the UK Government's extraordinary temporary measures aiming at materially reducing the number of insolvencies and bankruptcies during the COVID-19 pandemic, the financial statements for the year ended 31 March 2021 represent a very satisfactory out-turn for the business. Year-on-year Revenues increased by 49%, driven by a 214% increase in Realised Revenues, Operating Profit declined by 24% to £7.4m and net assets grew 11% to £38.9m.

The number of employees was 21 at the end of the financial year.

The business continues to grow, at the financial year-end the cumulative number of signed litigation investments has increased to 618 cases.

## OUTLOOK AND CURRENT TRADING

We are confident we have invested in a portfolio of cases that will produce attractive returns for the Company. We anticipate that the Government measures to reduce UK insolvencies will be curtailed or at least tempered in the foreseeable future, which give us confidence in our future prospects.

As highlighted in the CEO Report, the business adjusted rapidly and successfully to the challenges presented by COVID-19. The Board believes that the inevitable economic dislocations

caused by the crisis are likely to lead to further increases in case referrals to the Company.

The Board has considered the going concern status of the business both in relation to COVID-19 and in general and has concluded that it is appropriate for the accounts to be prepared on a going concern basis. The newly increased £25m RCF plus a further approved but uncommitted £10m accordion on attractive terms with HSBC provides the Company with substantial finance going forward.

We believe that the business is very well-positioned to consolidate its leadership position in the insolvency litigation financing market.

The Company has made a good start to FY22 and we look forward to a promising future.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for developing a comprehensive risk framework and a system of internal controls. We have identified the following as the principal risks and uncertainties the Company faces.

Risk Activity	Principal Risk	Impact	Mitigation
<b>Market Risk</b>	Inability to continually and successfully attract, select and pursue investments in the UK insolvency litigation market.	Failure to attract enough cases to pay our overheads.	The Company focuses on well-established case selection screening procedures, rigorous internal and external cost controls, and close attention to the adequacy of liquidity in the business to comfortably support our case cost profile at all times.
<b>Staff Risk</b>	Over-reliance on key staff and inability to recruit new high-quality staff.	If key staff become unavailable, poor operational decisions could be made. If the right calibre of new staff cannot be recruited, expansion could be limited.	Expansion of the senior team and recruitment of experienced in-house lawyers has lessened the dependence on any one individual. More delegation to key staff. Comprehensive and vigorous recruitment procedures.
<b>Litigation Risk</b>	Unexpected Court decisions in cases proceeding to full trial.	Cases could be lost or recoveries could be worse than anticipated. Adverse legal costs (the defendant's costs) would become payable by the Company if the case was lost.	Press for early settlement through mediation and without prejudice settlement negotiations. Early abort of cases where unexpected, adverse evidence emerges. On purchased cases (the large majority of the Company's cases) we can abort the case if prospects deteriorate. On funded cases we can terminate funding.
<b>Legal Costs Risk</b>	Legal costs can turn out to be more expensive than anticipated.	Case recoveries are poorer than expected.	Press for early settlement through mediation and without prejudice settlement negotiations. Agree fixed fees with external lawyers for each stage of litigation.
<b>Recovery Risk</b>	It may be difficult to collect agreed settlements or judgments.	The Company will suffer from bad debts.	Rigorous net worth checks on defendants before cases are accepted. Securing charging orders over defendants' properties.

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk Activity	Principal Risk	Impact	Mitigation
<b>Case Risk</b>	Case defects emerge during the litigation process.	The Company will suffer abortive legal and investment costs and adverse costs (paying the defendant's legal costs).	Rigorous legal review before cases are accepted and close supervision of live cases by experienced and competent in-house lawyers. On purchased cases (the large majority of the Company's cases) we can abort the case if prospects deteriorate. On funded cases we can terminate funding.
<b>Relationship Risk</b>	Relationships with key sources of enquiries may not be maintained (including important creditors such as banks and HMRC).	The rate of enquiries referred to the Company may slow down.	Active online marketing and engaging with Insolvency Practitioners and solicitors and creditor groups including HMRC.
<b>Funding Risk</b>	The growth of our business out-strips the capital we have available to fund cases.	The ability of the Company to accept new cases is limited.	We have a strong capital position through our HSBC facility of £20m, of which we have drawn down £8m as at 31 March 2021. Furthermore, a new revolving credit facility of £25m with an additional approved but uncommitted £10m accordion has been signed on 22 June 2021 with a 3 year term to 1 July 2024 and a 1 year extension.
<b>COVID-19</b>	Continued impact of the outbreak of the COVID-19 virus.	Inability to work from the office, partial closure and delay of the courts.  Government financial support to businesses reducing the level of insolvencies in the UK economy and therefore reducing our pool of new cases.  A moratorium on the forced sale of an individual's property to recoup debts may delay the collection of debtors.	The entire Company has been effectively working from home with full access to the necessary tools and communication facilities to work effectively. The Courts system has largely adapted to video and telephone trials and we are successfully conducting mediations and Without Prejudice settlement meetings using video technology and telephone.  The Government has extended its temporary prevention measures for business insolvency to the end of September 2021. Similarly, the moratorium on forced disposal of property has been partially lifted as of 31 May 2021.
<b>IT systems</b>	With increased working from home, there is an increased risk of dependence on our IT systems	There is an increased risk of loss of information that could cause disruption to the business.	Key data is backed up overnight such as accounting data on Sage.  Individual case data is held individually lawyer by lawyer.

## DIRECTORS' DUTIES

The directors set out their statement of compliance with s172 (1) of the Companies Act 2006 which should be read in conjunction with the rest of the annual report.

The directors of the company have a duty to promote the success of the company. A director of the company must act in the way they consider, in good faith, to promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;

- the desirability of the Company to maintain a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

## HAVING REGARD TO THE LIKELY CONSEQUENCES OF ANY DECISION IN THE LONG TERM:

The directors of the Company have sought to balance the needs of its members with the s172 matters throughout the year and are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

The directors provide regular management reports to the Board, and the delivery of the strategy is closely monitored, and management is challenged to ensure a disciplined approach is maintained to case selection

and oversight, both of which are key to ensuring our investments deliver good returns.

The Board also monitors the actions management is taking to establish and cement the strong relationships within the insolvency sector which will ensure the business is well-placed to benefit from high quality case opportunities.

## ENGAGEMENT WITH THE COMPANY'S EMPLOYEES:

The Company engages with its employees on a regular basis, as a relatively smaller employer of 21 employees with a flat organisational structure, communication is essential. A monthly team meeting is held, there are also separate legal team meetings and less formal meetings. The Company has recently appointed a Chief Operating Officer to oversee staff and HR matters.



## Diversity & inclusion

We believe our employees are central to the success of our business, are committed to their development and providing recognition based on success and achievement. We are an equal opportunities employer, and it is our policy to ensure all job applicants and employees are treated fairly and on merit regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation. We recognise the importance of being a diverse and inclusive place to work where everyone has an equal opportunity to build their career and succeed.

We are committed to creating a safe and healthy environment for all employees and contractors. We promote diversity, fairness and respect in our working environment and do not tolerate any improper behaviour or harassment. The Board's remuneration committee reviews all pay levels to ensure all awards and bonuses are given fairly and on merit. We believe in achieving a gender balance across the company and 45% of our senior legal team is female including our Head of Legal. We have created strong lines of management accountability and we invest in the development of our employees in taking training courses to enhance their skills and widen their experience.

## THE NEED TO FOSTER THE COMPANY'S BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS, AND OTHERS:

The Company's strategy relies to a significant extent on maintaining strong and active relationships with its key stakeholders, which the Board has identified in particular as; Insolvency Practitioners and legal professionals to provide the Company with investment opportunities, financial lenders, regulators, and our shareholders.

### Insolvency Practitioners

We are committed to treating our customers in an open, honest and fair manner (including selling products and services that fulfil their needs and meet the appropriate quality criteria in accordance with regulatory and legal requirements) as well as operating an effective complaints process to address any issues that may arise.

We also ensure the monetary returns are paid to the insolvent estate very promptly once the case is settled. We have built a very strong rapport with hundreds of Insolvency Practitioners who approve of our ethos, our conduct and promise to deliver efficient returns to the estate. Every Insolvency Practitioner we have worked with has returned with additional cases.

Invariably the most substantial creditor is HMRC. We are very mindful of the significance of delivering value to HMRC and have done so in a great many cases, returning millions of pounds to the public finances through HM Treasury. Consequently, we have fostered a strong working relationship with HMRC who see we can achieve much greater and quicker returns.

The Company regularly supports industry events such as conferences to inform Insolvency Practitioners and other industry professionals about Manolete as a potential provider of support in pursuing claims on behalf of creditors and to improve understanding of the model which Manolete operates.

### Legal professionals

The Company's in house legal team work closely alongside 3rd party legal professionals to develop our claims from initial assignment or funding through to settlement. The Board seeks to balance the benefits of maintaining strong partnerships with legal professionals alongside the need to obtain value for money for our shareholders.

### Financial lenders

The directors are responsible for managing the relationship with HSBC which provides the Company with the £25m RCF facility. The Chief Financial Officer provides regular reports to the Board on these activities to ensure the Company's continued access to debt capital including, monitoring financial covenants and headroom, and during the year the renewal of the RCF facility.

The Board carefully considers the Company's cash position and forecasts when making decisions on the Company's dividend policy.

### Regulators

The Audit Committee acts independently in overseeing the Company's financial reporting processes.

## THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND THE ENVIRONMENT:

We recognise our business has an impact on the environment. The depletion of natural resources and the threat of climate change have raised concerns about the environment and the potential financial impact on businesses. Sustainable options are increasingly being considered as part of investment choices.

We comply with environmental protection laws, including recycling and waste disposal requirements and seek to minimise any detrimental effects our activities may have on the environment. Wherever possible, employees are strongly encouraged to use the lowest

form of carbon-emission transport for the many meetings they attend and to maximise the use of video-conferencing rather than travel. A high proportion of our mediations are now carried out via Zoom or Teams. We are a very low user of paper and advocate the reduction of paper use by all personnel. Our marketing materials (for example, our sector wide monthly newsletter) are online resources wherever possible. If reducing consumption is not a viable option, we use materials derived from renewable or sustainable sources.

## THE DESIRABILITY OF THE COMPANY MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT:

The Board is highly committed to applying high standards of corporate governance and have endeavoured to ensure it is held to the highest standard. Our Corporate Governance report sets out how we comply with the UK Corporate Governance Code and our approach to governance on pages 28 to 30.

## THE NEED TO ACT FAIRLY BETWEEN MEMBERS OF THE COMPANY:

The Board receives feedback on investor views from the following:

- Our regular meetings with institutional investors and our Annual General Meeting provide important opportunities for dialogue with our shareholders and feedback from those conversations is shared with the Board to ensure all directors are properly informed of shareholder views.
- The Executive directors of the Board, Steven Cooklin and Mark Tavener, are primarily responsible for shareholder liaison but the Chairman and other non-executive directors may also be contacted by investors where appropriate.
- The Company's broker Peel Hunt provides feedback on the market and investor views following release of the interim and full year results and the opinions of shareholders is closely monitored through analyst and broker reports.

All shareholders have an opportunity to ask questions to the Board throughout the year and the AGM allows shareholders to ask questions and share their views in more depth.

On behalf of the Board.

**Steven Cooklin**  
Chief Executive Officer

# Our strong leadership team



## **Peter Bertram, FCA**

Independent Non-Executive Chairman

### **Skills and experience**

Peter joined the Company in November 2018 as Non-Executive Chairman. He is also non-executive director of Science Group Plc. In 2004 to 2015, he was Chairman of Phoenix IT Group plc. He has held a variety of senior non-executive positions in public companies in the security, IT and media sectors including AttentiV Systems Group plc, office2office plc, Anite Group plc, Timeweave plc and Psion plc. Peter was senior non-executive director and chair of the audit committee at Microgen plc between 2006 and 2017. Peter is a Fellow of the Institute of Chartered Accountants and a Companion of the Chartered Management Institute.

Peter is a member of both the audit committee and remuneration committee.



## **Lord Leigh of Hurley**

Senior Independent Director and Chairman Designate (appointed as of 23 June 2021)

### **Skills and experience**

Howard Leigh is a qualified Chartered Accountant. In 1988 he set up Cavendish Corporate Finance LLP where he remains Senior Partner. In 2000, Howard was appointed as the Chairman of the Faculty of Corporate Finance of the Institute of Chartered Accountants in England and Wales (ICAEW). In 2008 he was awarded the Faculty's Outstanding Achievement in Corporate Finance award. In 2018, Cavendish merged with finnCap and the new group – finnCap Group plc – was listed on the London AIM market. He is the Senior Treasurer of the Conservative Party and chairs four charities. In 2013, Howard was elevated to the Peerage as Lord Leigh of Hurley. He joined the Manolete Board in June 2021.



## **Steven Cooklin, ACA**

Chief Executive Officer

### **Skills and experience**

Steven founded the Company in 2009 and is Chief Executive. Steven is a Chartered Accountant having qualified at Coopers and Lybrand in 1991. Steven has over 20 years' experience in corporate finance with National Westminster Bank, Calder Corporate Advisory Ltd and Hill Samuel Investment Bank and is a former director of HSBC Investment Bank (Corporate Finance Division). Steven is an Associate Member of The Association of Business Recovery Professionals.

The Manolete Board is very experienced, comprising five qualified chartered accountants and one retired senior insolvency judge.



### **Mark Tavener, ACA**

Chief Financial Officer

#### **Skills and experience**

Mark joined Manolete as Chief Financial Officer and Executive Director in October 2019. Mark is a Chartered Accountant with over 20 years of experience. The core of Mark's career has been with Deloitte in London in Corporate Finance. He also served a secondment period within Government. Following his time with Deloitte, Mark was appointed Finance Director of a FinTech start-up company IPSX. Most recently, Mark has been a director in the RSM due diligence team leading diligence on financial services businesses in the mid-market.



### **Lee Manning, FCA**

Senior Independent Director (to 23 June 2021)  
and Independent Non-Executive Director

#### **Skills and experience**

Lee joined the Company in November 2018 as a non-executive director. Lee is a qualified accountant and a specialist in restructuring and insolvency. He is a licensed UK Insolvency Practitioner. Between 2004 and 2018 he was a partner at Deloitte LLP in Restructuring Services. From 1989 to 2004, he was a Partner at Kroll Buchler Phillips, practitioners in corporate recovery and restructuring. He is a Fellow of the Institute of Chartered Accountants and the Association of Business Recovery Professionals. In October 2018, Lee became a consultant for Resolve Group UK, a restructuring and advisory firm based in London.

Lee, who has recent and relevant accounting experience, chairs the audit committee. He is also a member of the remuneration committee.



### **Dr Stephen Baister**

Independent Non-Executive Director

#### **Skills and experience**

Stephen joined the Company in September 2017 as a senior adviser and was appointed as a Non-Executive Director in November 2018. Stephen was appointed as a bankruptcy registrar (Judge) of the High Court in 1996 and as chief bankruptcy registrar in 2004. He retired in 2017. Stephen has also been consultant for Moon Beaver LLP since November 2017. He has a PhD in Law and was admitted as a solicitor in 1981 and as a licensed Insolvency Practitioner in 1985. Stephen is a member of the Chartered Institute of Linguists, an honorary member of the Insolvency Lawyers Association and honorary Fellow of the Chartered Institute of Credit Management.

Stephen chairs the remuneration committee and is also a member of the audit committee.

The directors present their report with the financial statements of the Company for the year ended 31 March 2021.

## PRINCIPAL ACTIVITIES

The principal activity of the Company during the period under review was the acquisition and funding of insolvency litigation cases.

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

## RESULTS AND DIVIDENDS

An analysis of the Company's performance is contained within the Strategic Report. The Company's income statement is set out on page 41 and shows the results for the year.

In respect of the financial year ended 31 March 2021 a final dividend of 1.00p (2020: 3.00p) per ordinary share has been recommended by the directors. Subject to approval at the Company's annual general meeting, the dividend will be paid on 7 October 2021 to shareholders on the register on 10 September 2021. An interim dividend of 1.17p (FY20: 0.5p) has been paid during the year.

## DIRECTORS

The directors of the Company during the year were:

Peter Bertram

Steven Cooklin

Mark Tavener

Stephen Baister

Lee Manning

Further details about each of the current directors, their experience and qualifications can be found on pages 24 and 25.

## BOARD CHANGE

In June 2021 Lord Leigh of Hurley joined the Board as Chairman Designate.

## POLITICAL AND CHARITABLE DONATIONS

The Company made no charitable donations during the year ended 31 March 2021 (2020: £5,000).

## DIRECTORS' EMOLUMENTS

Details of the directors' emoluments, other reward arrangements and contractual terms are provided in the Remuneration Report on pages 34 and 35.

## GOING CONCERN

Management provided the Board with a financial forecast of the business for a 16 month period from June 2021 to September 2022 which was discussed at January's Board meeting. The directors have considered the going concern basis in the preparation of the financial statements and have made an assessment of the Company's ability to pay its debts as they fall due and have also assessed the prospects and the principal risks facing the Company.

In particular, the Board considered the refinancing of the existing HSBC loan with a £25m revolving credit facility and a further approved but uncommitted £10m accordion which was signed on 22 June 2021 for a term until 1 July 2024 with a further 1 year extension.

Furthermore, the Board has discussed the impact of COVID-19 on the business and its market throughout the year and it continues to keep this matter under review. As our business operates in the insolvency market, any economic downturn is likely to lead to further insolvencies and related litigation cases in the medium term. On an operational basis, the business has been able to fully function remotely with our in-house lawyers meeting online with IPs and external lawyers and continuing to progress cases. The Courts continue to function at first remotely but now increasingly in person.

Based on this assessment, the directors are of the opinion that the Company has adequate financial resources to continue in operation and meet its liabilities as they fall due, for the foreseeable future at least 12 months from the date of approval of these financial statements. Hence, the directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

## FINANCIAL INSTRUMENTS

Disclosures in respect of the Company policy regarding financial instruments and risk management are contained in notes 26 and 28 to the financial statements.

## DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, the directors and officers of the Company benefit from an indemnity which is a qualifying third-party indemnity for the purposes of s. 236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements. The Company has also taken the opportunity to purchase directors' & officers' liability insurance.

As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' report has been included in the Strategic Report. Specifically, this relates to:

- Likely future developments;
- Risk management;
- Details on how the directors have had regard to the need to foster business relationships with stakeholders;
- Information in respect of employee matters; and
- Greenhouse gas emissions.

## STATEMENT OF DISCLOSURE TO AUDITORS

All of the current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

RSM UK Audit LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The report of the directors was approved by the Board on 22 June 2021 and signed on its behalf by:

**Steven Cooklin**  
Chief Executive Officer



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report, in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union to present fairly the financial position and performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. 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 which are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records which 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 the financial statements comply with the requirements of 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Manolete Partners Plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# Setting a high standard of governance



**“Manolete Partners’ primary business ethos is giving justice to creditors.”**

**Peter Bertram** | Independent Non-Executive Chairman

**As the Company’s Independent Non-Executive Chairman, it gives me great pleasure to set out this section of our report which describes how Manolete and its operations are governed and led by its Board of Directors.**

The Board is responsible for governance, oversight and leadership of the business. It has delegated certain matters to committees and management but has also established a schedule of matters which, because of their importance to the Company, it will not delegate. These include the determination of strategy, various financial issues and controls including changes to share capital, dividends, major contracts and investments, approval of financial statements, risk assessment and management and internal controls.

Our Board is entirely committed to applying high standards of governance. As Chairman, I recognise I have a particular responsibility for ensuring our governance arrangements are thoughtfully designed, carefully implemented and transparently communicated.

Since the publication of the last set of accounts in 2020, the Company has further expanded its regional reach

across the country with the appointment of senior lawyers. We are satisfied our existing methods of working, as described below, are effective and appropriate to the current size, nature, resources and prospects of the Company.

We have endeavoured to ensure our governance is held to the highest standards. Each year the Board undertakes an annual evaluation exercise of the effectiveness of the Board. In addition the Company has also drawn up its own Environmental, Social and Governance (ESG) Policy which demands the Company, its directors and its employees operate in an honest, professional and ethical manner. The ESG Policy is published on the website and is essential for our reputation as well as building trust and respect with our key stakeholders including customers, business associates, employees, communities and shareholders.

A critical relationship for the Company is with the Insolvency Practitioner

community. We take particular care that all staff clearly understand our reputation with IPs is a vital asset in a competitive market. The Board both supports and promotes high standards of conduct in order to safeguard and continually build on this positive culture. We believe the long-term interests of our investors and other stakeholders will be best served by behaving responsibly and gaining the trust of those we deal with on a day-to-day basis, in particular those we represent in pursuing their claims.

Since the Company’s successful IPO in December 2018, the Board has adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code or the Code) and is actively applying the ten principles of the Code, as described in the remainder of this statement and on our website.

**Peter Bertram**  
Independent Non-Executive Chairman

QCA Code Principle	How we apply the principle
<b>Establish a strategy and business model which promotes long-term value for shareholders</b>	<p>Our strategy and business model are described on pages 4 to 7 of the 2021 Annual Report and Accounts. Through the regular management reports provided to the Board, delivery of the strategy is closely monitored and management is challenged to ensure a disciplined approach is maintained to case selection and oversight, both of which are key to ensuring our investments deliver good returns.</p> <p>The Board also monitors the actions management is taking to establish and cement the strong relationships within the insolvency sector which will ensure the business is well-placed to benefit from high quality case opportunities.</p>
<b>Seek to understand and meet shareholder needs and expectations</b>	<p>Our regular meetings with institutional investors and our Annual General Meeting provide important opportunities for dialogue with our shareholders and feedback from those conversations is shared with the Board to ensure all directors are properly informed of shareholder views.</p> <p>The executive directors of the Board, Steven Cooklin and Mark Tavener, are primarily responsible for shareholder liaison but the Chairman and other non-executive directors may also be contacted by investors where appropriate. Contact details are provided on our investor website.</p>
<b>Take into account wider stakeholder and social responsibilities and their implications for long-term success</b>	<p>Manolete performs an important role by providing an alternative option for Insolvency Practitioners to pursue claims on behalf, and for the benefit, of creditors. We nurture positive relationships with insolvency industry partners as these will, over the long-term, deliver benefits for the business.</p> <p>These values of good conduct and fairness also extend to our employees and suppliers, all of whom are important resources for the business and its long-term success.</p> <p>Through our dealings with Insolvency Practitioners and advisers, we are able to understand the extent to which our business model is favoured by many of them over more traditional options available to them to recover funds.</p>
<b>Embed effective risk management, considering both opportunities and threats, throughout the organisation</b>	<p>The principal risks facing the Company are shown on pages 21 and 22 of the 2021 Annual Report and Accounts.</p> <p>The Board actively monitors risks including case selection and management and the procedures which underpin these vital elements of the business. It has approved considerable strengthening of the in-house team and regional network of lawyers in order to reduce reliance on key individuals and has been pleased to note good progress in enhancing the rigour of internal processes and controls.</p>
<b>Maintain the board as a well-functioning, balanced team led by the Chairman</b>	<p>The Board is working effectively as a team. Meetings are well-structured, with appropriate and timely information provided to enable adequate preparation. Discussions are conducted in an open and transparent manner and all directors feel free to express their views and challenge management, both in formal meetings and on other occasions.</p> <p>The time commitment required of directors, the number of meetings held and meeting attendance are described on page 30 of the 2021 Annual Report and Accounts.</p>
<b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b>	<p>The three independent non-executive directors each have a range of skills and experience which, collectively with the executive directors, enable strong oversight and leadership of the business. On pages 24 and 25 of the 2021 Annual Report and Accounts the attributes of each director are outlined more fully.</p> <p>Since appointment, each non-executive director has taken steps to develop their understanding of the business and its processes. This has included detailed questioning at Board and committee meetings, time spent with individual members of staff and attendance at investment committee meetings. These and other development activities will continue.</p> <p>The Board and its Committees are supported by an experienced independent Company Secretary who provides advice and guidance on corporate governance best practice, board processes and regulatory compliance.</p>

QCA Code Principle	How we apply the principle
<b>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</b>	<p>The Board has reviewed the governance arrangements adopted at IPO to ensure they are considered appropriate. During 2019 the Board undertook its first formal annual evaluation exercise which was conducted by a series of questionnaires analysing individual and board effectiveness.</p> <p>The exercise comprised a detailed questionnaire completed by each director, with the results compiled into a formal report which was then discussed by the Board. Actions arising from the evaluation have been addressed and a further evaluation was carried out in 2021.</p> <p>The Chairman evaluates the performance of the other directors, individually and as a whole, with Lee Manning evaluating the Chairman's performance.</p> <p>The Board is conscious of the need for appropriate succession planning and keeps such matters under review.</p>
<b>Promote a corporate culture that is based on ethical values and behaviours</b>	<p>Manolete's business is founded on principles of fairness and high standards of conduct which support our relationships with Insolvency Practitioners for the long-term benefit of the business.</p> <p>The Board has adopted a number of policies, including anti-bribery and corruption and whistleblowing policies, which ensure the team understands the ethical expectations placed upon them.</p> <p>By promoting a business model which values and encourages the establishment and maintenance of strong relationships with partners based on our culture of fair dealing, the Board makes clear the behavioural standards required by everyone in the Company.</p> <p>The Company has also drawn up its own Environmental, Social and Governance (ESG) policy which includes a Code of Conduct. This Code contains the fundamental business principles that set these standards and guides our conduct across the Company and in our business dealings. The Company expects all business associates to follow the principles set out in the Code.</p> <p>In turn this demands that the Company, its directors and its employees operate in an honest, professional and ethical manner which is essential for our reputation as well as building trust and respect with our key stakeholders including customers, business associates, employees, communities and shareholders.</p>
<b>Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</b>	<p>Our corporate governance practices are compliant with the QCA Code and have been designed to be appropriate to the business, its size, challenges and resources. They will be kept under review and are likely to evolve as the business develops.</p> <p>The roles of the Chairman, who is responsible for leading the Board and governance arrangements, and the Chief Executive Officer, who is responsible for implementing strategy and managing the business on a day-to-day basis, are also well understood.</p>
<b>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b>	<p>The Board maintains regular communication with shareholders through information released to the market, its investor meetings and AGM.</p> <p>The business also fosters other key relationships, for example with the insolvency practice community. It regularly supports industry events such as conferences in order to inform Insolvency Practitioners and other industry professionals about Manolete as a potential provider of support in pursuing claims on behalf of creditors and to improve understanding of the model which Manolete operates.</p>

## DIRECTORS' TIME COMMITMENTS

The time commitment of our non-executive directors is clearly set out in their Letters of Appointment. Non-executive directors are required to devote as much time as needed to carry out their duties effectively but, as a guide, their Letters of Appointment state this is expected to be three days per month.

In the period from 1 April 2020 to 31 March 2021, the directors' attendance at Board and Committee meetings was as shown below.

	Board Meetings	Audit Committee	Remuneration Committee
Peter Bertram	8/8	4/4	5/5
Steven Cooklin	8/8	4/4 <sup>1</sup>	4/5 <sup>1</sup>
Lee Manning	8/8	4/4	5/5
Stephen Baister	7/8	4/4	5/5
Mark Tavener	8/8	4/4 <sup>1</sup>	3/5 <sup>1</sup>

<sup>1</sup> By invitation.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

Manolete Partners' primary business ethos is giving justice to creditors. It forms a cornerstone of our commitment to a fair and responsible Environmental, Social and Governance Policy. Our ESG Policy is set out fully in both our Investor and Corporate websites. Some of the key elements are included here:

### ACCESS TO JUSTICE

Manolete has innovated a new business model and approach to insolvency litigation. Manolete settles cases, in the main, much more rapidly than other litigation funders in the insolvency sector, allowing for a higher proportion of returns to be given back to the creditors. We ensure the monetary returns are paid to the insolvent estate very promptly once the case is settled. We have built a very strong rapport with hundreds of Insolvency Practitioners who approve of our ethos, our conduct and promise to deliver efficient returns to the estate. Invariably the most substantial creditor is HMRC so Manolete helps in returning millions of pounds to the public finances through HM Treasury.

### GOVERNANCE

Details of Manolete's corporate governance code and how we apply it can be found at: [investors.manolete-partners.com/company-information/corporate-governance](https://investors.manolete-partners.com/company-information/corporate-governance)

### CODE OF CONDUCT

The Manolete Board requires the highest standards of corporate governance, operational excellence and financial reporting throughout the Company and from all directors and employees. In turn this demands that the Company, its directors and its employees operate in an honest, professional and ethical manner which is essential for our reputation as well as building trust and respect with our key stakeholders including customers, business associates, employees, communities and shareholders.

This Code of Conduct contains the fundamental business principles that set these standards and guides our conduct across the Company and in our business dealings. The Company expects all business associates to follow the principles set out in the Code. We trade lawfully and properly at all times and, as a minimum, comply with all laws and regulations. We do not tolerate any form of bribery in our business or in those we do business with and the Company has in place an anti-bribery and corruption policy reflecting the standards that we expect of our staff and those who perform services for us.

### DIVERSITY AND INCLUSION

We believe our employees are central to the success of our business, are committed to their development and providing recognition based on success and achievement. We are an equal opportunities employer and it is our policy to ensure all job applicants and employees are treated fairly and on merit regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation. We have created strong lines of management accountability. The Board's remuneration committee reviews all pay levels to ensure all awards and bonuses are given fairly and on merit. We believe in achieving a gender balance across the company and 45% of our senior legal team is female including our Head of Legal.

### ENVIRONMENTAL

We comply with environmental protection laws, including recycling and waste disposal requirements. A high proportion of our mediations are now carried out via Zoom or Teams. Our marketing materials are online resources wherever possible.

### SLAVERY AND HUMAN TRAFFICKING

Manolete has a zero tolerance approach to any form of slavery and human trafficking within our business and is committed to taking appropriate steps to ensure compliance with the legislation.

### INFORMATION

We provide accurate and timely information to external stakeholders in compliance with relevant laws and regulations. We give regular presentations to investors and make every attempt to share as much relevant data with them as possible to ensure the company's financial position is clear to the market.

### CRIME PREVENTION

We have measures in place for detecting, preventing, reporting, investigating and prosecuting suspected fraud and financial crime. We have effective anti-fraud and anti-money laundering systems and controls as well as an anti-bribery and corruption policy in place in addition to effective claims management and counter-fraud capabilities.

### AUDIT COMMITTEE REMIT AND MEMBERSHIP

To assist it in its review of financial statements, financial controls and risk management arrangements, the Board has established terms of reference constituting the Audit Committee which are available on the Manolete website.

The Committee is chaired by an independent non-executive director, Lee Manning. Lee is a Fellow of the Institute of Chartered Accountants and has recent, relevant financial experience. Peter Bertram and Stephen Baister, who are both also independent non-executive directors, are the other members of the Committee.

In this financial year, the Committee met on four occasions, including to review and approve a recommendation to the Board on the final results for the prior year, FY20; and to review and approve the interim results in respect of FY21. The Committee met with the Auditors in the absence of management.

### REVIEW OF FINANCIAL STATEMENTS

During the year, the Committee reviewed the interim statements and, since the year end, it has reviewed the full year financial statements. The purpose of these reviews is, among other things, to provide assurance to the Board on the integrity of the financial statements, the appropriateness of the accounting policies adopted and judgements made and the adequacy of the financial and other controls in place within the business.

In particular, in arriving at its recommendations to the Board, the Committee took account of the views of the Auditor, as set out in a formal report to the Committee discussed with the Auditors, including discussions held in the absence of management. The Committee considered the accounting policies adopted and sought assurance from the Auditors and management that those policies were appropriate.

The Audit Committee noted the Auditors had identified two key audit matters, namely assessment of the carrying value of investments in cases and related revenue recognition and secondly recoverability of trade receivables.

The Committee noted, notwithstanding management judgement was carefully exercised in agreeing current case valuations, a degree of uncertainty necessarily exists in such valuations as the outcome of cases cannot be guaranteed. The Committee was assured of the rigorous processes which are used by management to arrive at individual case valuations to ensure valuations are adjusted as and whenever management's understanding of the likely outcome of a case changes. Accordingly, the Committee was satisfied the judgements used were reasonable and the risk of either over- or under-statement of investment valuations and the associated revenue recognition was minimised as far as possible.

The committee was also satisfied that in assessing the continuing carrying value of investments generally, the Company's recent record of case settlements relative to carrying valuations of those cases settled has been taken into account by management. The Committee also drew comfort from a comparison of past case valuations with actual recoverability levels which demonstrated that management have a strong track record of valuing cases within a sensible margin of actual outturns, notwithstanding the uncertainties which inherently exist within case outcomes.

The Committee also considered the recoverability of receivables, noting that case recoveries can be impacted by a number of factors and can also change over time. A constant check is maintained on the underlying assets believed to be available to settle awards made via the in-house Net Worth team. Although security over assets is not universally sought, charges over property and injunctions over disposal are used to limit risk on a case-by-case basis. In addition, it is recognised that a full assessment of all respondents' assets is not possible but that recoverability is calculated on the basis of known assets only, thereby providing some degree of mitigation.



The Committee considered whether recoverability of receivables was likely to be significantly impacted by the continuing COVID-19 crisis but was reassured by management's experience to date in this regard. The Committee examined the basis on which the Company's bad debt provision had been calculated and noted the application of IFRS 9 in respect of expected credit losses, it also considered it in the light of work carried out by the Auditors to compare it to historical averages. Having considered the audit testing carried out and management's explanations on processes and controls, the Committee were satisfied that the judgements and estimates used to assess the recoverability of receivables were reasonable.

Through discussion of the audit scope, audit findings, financial controls and management responses, the Audit Committee satisfied itself that the risks identified through the audit, including the key audit matters, had been properly addressed.

### RISK MANAGEMENT

The Committee has responsibility for reviewing the risk register and for satisfying itself that risk identification and management processes, including the Company's financial and other controls, are robust and sufficient to keep the risks faced by the business within the level which can be tolerated by the business and which fit with the Board's appetite for risk.

The Committee also reviewed, and agreed to recommend to the Board for approval, the summary of principal risks set out on pages 21 and 22.

### AUDITOR APPOINTMENT, INDEPENDENCE AND FEES

Independent audit is an important source of assurance for investors and other stakeholders. The Committee is cognisant of the need to ensure the Auditors remain independent and objective in auditing the Company's financial statements.

The Committee considered the assurances provided by the Auditors with regards to independence, including processes to ensure that the Audit partner, manager and other team members are independent as well as the firm as a whole. The Committee was also satisfied that there were no other factors likely to impair the Auditors' objectivity.

### ETHICAL POLICIES

High standards of conduct are a central part of the Company's ethos. In particular, the Board is committed to setting and leading a culture based on fairness to all those with whom the Company engages and has set out its clear Environmental, Social and Governance (ESG) Policy.

The Board has adopted a number of ethical policies, including an anti-bribery and corruption policy and a whistleblowing policy. The Audit Committee review these arrangements annually and also require management to report to it, at least once a year, on the implementation of those policies and on any incidents arising under them which may occur from time to time. No such incidents were reported to the Committee during the year ended 31 March 2021 or since.

## REMUNERATION COMMITTEE

Consistent with the Board's commitment to transparent reporting, the disclosures below are provided on a voluntary basis in order to give a clear and comprehensive summary of the Company's senior remuneration policies and practices.

This report and its contents have not been audited other than where indicated.

## REMUNERATION COMMITTEE COMPOSITION AND ROLE

The Remuneration Committee comprises the Company's independent non-executive directors, Stephen Baister, who also chairs the Committee, Peter Bertram and Lee Manning.

The Committee's role is to ensure the Company's remuneration practices are appropriate to the business and delivery of its strategic objectives. The Committee oversees the various elements of the executive directors' pay and benefits, as well as the other terms to which directors are subject. The Remuneration Committee's terms of reference are available on the Company's investor website.

Due to the small nature of the existing team, the Committee is able to make a detailed review of pay and conditions of staff across the business to ensure full account can be taken of changes made to the remuneration arrangements elsewhere in the Company when considering and determining executive pay matters.

In the year ended 31 March 2021, the Committee met on five occasions to review its terms of reference, consider increases in basic pay effective from the start of the new financial year and to plan its approach to performance-related benefits.

The Committee considers seeking support from external advisers, as necessary.

## REMUNERATION POLICY

The success of the business and delivery of long-term value to our shareholders rely on the services and expertise of our high calibre team. An effective remuneration policy is an important element of the Company's ability to attract and retain individuals who can contribute to Manolete's success.

The purpose and aim of the Company's remuneration policy is to ensure senior executives are appropriately rewarded for the contributions they make to the business, while aligning their interests with delivery of the Company's strategic objectives and performance targets in a way which does not expose the business to unacceptable risk. This policy applies to the reward of both existing directors and any directors who may be recruited in the future.

As well as basic salary, executive directors benefit from pension contributions, an annual performance-related bonus and long-term performance share awards. The Chief Executive Officer, Steven Cooklin, also benefits from private health insurance. Executive directors are invited to participate in a performance related CSOP. To enable the whole team to share in the success of the business and to align their interests with those of shareholders, the Company, at the discretion of the Remuneration Committee, invites all staff who are eligible, to participate in the CSOP.

Total options granted to the executive directors under all schemes are set out in the table below.

These options vest on a one-third per annum basis but may not be exercised, in normal circumstances, until the third anniversary of grant. More information on the CSOP can be found in note 23 to the financial statements.

Executive director	Class	Number of shares under option	Exercise price £
Steven Cooklin	CSOP	6,741	4.45
	LTIP <sup>1</sup>	134,000	0.004
Mark Tavener	CSOP	6,471	4.65
	Unapproved	64,953	4.30
	LTIP <sup>1</sup>	134,000	0.004

<sup>1</sup> The LTIP amounts above are the maximum potential conditional share awards that may vest subject to the performance conditions set out in note 23.

In subsequent financial years it is anticipated the Remuneration Committee will make further CSOP awards, details of which will be disclosed at the time of grant.

In FY21, a long-term incentive plan (LTIP) was initiated with both executive directors and one senior staff member being awarded LTIP options under this plan, the share options available under the LTIP scheme for the executive directors are detailed in the above table. This LTIP plan does not vest for the executive directors until after a three year period and is subject to challenging Company performance targets being met over this period. The scheme was designed with the advice of Deloitte LLP and approved by the Remuneration Committee. The Committee was satisfied that Deloitte LLP remain independent and there were no other factors likely to impair their objectivity.

## ANNUAL BONUS

When reviewing the basis for annual bonus awards for the year ending 31 March 2021, the Committee has determined payment of any bonus will be dependent on achievement of performance targets based on EBIT, realised profits and strategic measures. No executive director's bonus will exceed 100% of basic salary. Payment of maximum potential bonuses will require achievement of stretch targets. Threshold targets will need to be achieved for any bonus to be paid.

Cash bonuses may also be payable to other team members, dependent upon performance.

## COMPANY SHARE OPTION PLAN

The Board has adopted the Manolete Partners Company Share Option Plan (CSOP) to enable conditional share awards to be granted, which may be subject to achievement of performance criteria. Typically, such targets are measured over a three-year performance period.

## EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The executive directors have service contracts setting out the terms of their employment. Steven Cooklin's contract may be terminated on twelve months' notice and Mark Tavener's contract may be terminated on six months' notice. In each case, notice can be given by either party.

## NON-EXECUTIVE DIRECTORS

Remuneration of the Non-executive directors is determined by the Board as a whole, with the relevant non-executive director taking no part in the discussions or decision in relation to his own fees. The non-executive directors are not entitled to annual bonuses or employee benefits. Each of the non-executive directors has a letter of appointment

stating, among other things, annual fees the time commitment expected for the role and the appointment may be terminated by either party giving three months' prior written notice.

## DIRECTORS' REMUNERATION (AUDITED)

The table below summarises the remuneration for each director in the financial year.

Year ended 31 March 2021	Salary £	Pension £	Benefits £	Total fixed pay £	Bonus £	Total variable pay £	Total pay £
<b>Non-Executive Chairman</b>							
Peter Bertram	75,000	-	-	75,000	-	-	75,000
<b>Executive directors</b>							
Steven Cooklin	328,500	6,850	3,650	339,000	75,250	75,250	414,250
Mark Tavener	155,625	6,225	3,035	164,885	40,000	40,000	204,885
<b>Non-executive directors</b>							
Stephen Baister	50,000	-	-	50,000	-	-	50,000
Lee Manning	50,000	-	-	50,000	-	-	50,000
<b>Total directors' remuneration</b>	<b>659,375</b>	<b>13,075</b>	<b>6,685</b>	<b>679,135</b>	<b>115,250</b>	<b>115,250</b>	<b>794,135</b>
<b>Year ended 31 March 2020</b>							
<b>Non-Executive Chairman</b>							
Peter Bertram	75,000	-	-	75,000	-	-	75,000
<b>Executive directors</b>							
Steven Cooklin	285,000	11,400	2,882	299,282	49,750	49,750	349,032
Mark Tavener <sup>1</sup>	73,461	1,500	290	75,251	20,000	20,000	95,251
Patrick Lineen <sup>1</sup>	97,000	3,880	-	100,880	-	-	100,880
<b>Non-executive directors</b>							
Stephen Baister	50,000	-	-	50,000	-	-	50,000
Lee Manning	50,000	-	-	50,000	-	-	50,000
<b>Total directors' remuneration</b>	<b>630,461</b>	<b>16,780</b>	<b>3,172</b>	<b>650,413</b>	<b>69,750</b>	<b>69,750</b>	<b>720,163</b>

<sup>1</sup> In FY20, the remuneration for Patrick Lineen and Mark Tavener represented part years due to Patrick Lineen retiring from the business and Mark Tavener's recruitment.

## DIRECTORS' INTERESTS (AS AT 31 MARCH 2021)

As at 31 March 2021, the interests of the directors in ordinary shares, pursuant to options granted under the CSOP and LTIP schemes were as disclosed above. The interests of the directors in ordinary shares held in their own name or in which they have a beneficial interest are disclosed below. Although the non-executive directors hold shares, their holdings are at a level which does not impinge their independence.

	Ordinary shares	% of issued share capital
Stephen Baister	26,667	0.06
Peter Bertram	19,285	0.04
Steven Cooklin	6,842,199	15.7
Lee Manning	21,785	0.05
Mark Tavener	500	0.00

Year ended 31 March 2021

## OPINION

We have audited the financial statements of Manolete Partners Plc (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## 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 as applied to SME listed entities 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included reviewing the new bank facility and reviewing and evaluating management's cash flow forecasts for a minimum of twelve months from anticipated approval of the financial statements and the results of scenario analysis.

The conclusions of the group's going concern assessment is disclosed in the Directors' Report and based on the results of the audit procedures outlined above, we have no observations to report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## SUMMARY OF OUR AUDIT APPROACH

<b>Key audit matters</b>	Valuation of Investments Recoverability of Trade Receivables
<b>Materiality</b>	Overall materiality: £351,000 (2020: £472,800) Performance materiality: £263,000 (2020: £354,600)
<b>Scope</b>	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## VALUATION OF INVESTMENTS

<b>Key audit matter description</b>	<p>This is detailed in the Audit Committee report on pages 32 and 33; the significant accounting judgements and estimates on pages 50 and 51; significant accounting policies on pages 45 to 49 and the investment note 13 to the Financial Statements on page 54.</p> <p>The valuation of investments in cases is subject to judgements and estimation by management which impact the revenue and profit recognised in the income statement. The company has recognised a fair value uplift net of realisations on investments for the year ended 31 March 2021 of £3.4m and an overall investment valuation of £37.5m as at 31 March 2021.</p> <p>The directors' assessment of the value of these investments in cases at the year end date is considered a key audit matter due to the magnitude of the total amount, the potential impact of the investment value on the reported results, the subjectivity and complexity of the valuation process and the significant amount of resources allocated to this area during the audit.</p>
<b>How the matter was addressed in the audit</b>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the reasonableness of the case valuations through performing an analytical review of cases and reviewing the control practices in place within the business to value the cases during the completion of both month end and year end processes.</li> <li>• Performing detailed testing of the inputs, judgements and estimations made by management when arriving at the case valuations and reviewing external legal/counsel reports on a sample of cases. The sample of cases was based on high value scoping and risk assessment procedures and makes up £19.8m (66%) of the total investment value (excluding legal costs).</li> <li>• Discussing and challenging the valuation of a sample of larger cases and significant valuation movements with management and the respective case officer, in order to obtain a detailed knowledge of each legal case, any specific complexities and the stage of the completion reached at the balance sheet date and the judgements made.</li> <li>• Reviewing the significant valuation movements through the period and around the balance sheet date, corroborating any changes appropriately to key events or milestones in the cases, including the impact of COVID-19, to assess whether the valuation recorded as at 31 March 2021 is reasonable.</li> <li>• Analysis of the cases which have settled in the post year end period, check whether the amount realised was not materially different to the year end valuation.</li> <li>• Auditing the adequacy of the disclosures in the Financial Statements of the basis of valuation and the judgements made.</li> </ul>



Year ended 31 March 2021

**RECOVERABILITY OF TRADE RECEIVABLES**

<b>Key audit matter description</b>	<p>This is detailed in the Audit Committee report on pages 32 and 33; the significant accounting judgements and estimates on pages 50 and 51; significant accounting policies on pages 45 to 49 and the trade and other receivables note 16 to the Financial Statements on page 55.</p> <p>The recoverability of trade receivables is subject to judgements by management to assess the likelihood of recovery. At 31 March 2021 trade receivables totalled £17.8m, an increase of £12.5m from the previous year. This includes a trade receivable of £9.2m from a significant case completion where discounting has been applied to the expected future cashflows as the payment is due over a period of 10 years.</p> <p>The directors' assessment of the value of these trade receivables at the year end is considered a key audit matter due to the magnitude of the total amount, the significant increase in the year resulting in increased debtor days and the judgements involved in assessing the recoverability of a debt.</p>
<b>How the matter was addressed in the audit</b>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Testing £6.1m (55%) of the gross trade receivables excluding the significant case completion to confirm they have been recognised in line with settlement agreements.</li> <li>• Completing detailed testing on the above sample to audit management's assessment of the overall recoverability of each debtor.</li> <li>• Considering Net Worth Reports and challenging management's assessment of recoverability where debts were unsecured, including management's assessment of the impact of COVID-19 on debtor recoverability.</li> <li>• Assessing the significant case completion and the discounting assumptions applied to expected future cashflows and challenging management on their estimates and judgements in relation to the significant case completion and its related disclosures.</li> <li>• Considering and challenging the level of bad debt provisioning, including management's assessment of expected credit losses and the estimates used in arriving at this position.</li> </ul>

**OUR APPLICATION OF MATERIALITY**

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

<b>Overall materiality</b>	£351,000 (2020: £472,800)
<b>Basis for determining overall materiality</b>	5% of Profit before tax (PBT)
<b>Rationale for benchmark applied</b>	As a listed entity, profit before taxation is considered the most appropriate benchmark for users of the financial statements.
<b>Performance materiality</b>	£263,000 (2020: £354,600)
<b>Basis for determining performance materiality</b>	75% of overall materiality
<b>Reporting of misstatements to the Audit Committee</b>	Misstatements in excess of £17,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The company has been subject to a full scope audit.

## OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

## 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement on page 27, 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.

## THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Year ended 31 March 2021

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that

the company operates in and how the company is complying with the legal and regulatory

- framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud
- might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included
<b>International Accounting Standards in conformity with the requirements of the Companies Act and Companies Act 2006</b>	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
<b>Tax compliance regulations</b>	Inspection of advice received from external tax advisors. Inspection of correspondence with local tax authorities. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team
<b>Management override of controls</b>	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
<b>Revenue recognition</b>	Revenue recognition is linked to the valuation of investments and the audit procedures performed in relation to the valuation estimates and judgements relevant to the fraud risk in revenue recognition are documented in the key audit matter section in our audit report on valuation of investments.

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.

## 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.

**EUAN BANKS, FCA** (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London, EC4A 4AB  
United Kingdom

22 June 2021

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	31 March 2021 £'000s	31 March 2020 £'000s
Revenue	4	27,832	18,682
Cost of sales		(14,420)	(4,292)
Gross profit		13,412	14,390
Administrative expenses	8	(6,014)	(4,586)
Operating profit	6	7,398	9,804
Finance income	9	50	89
Finance expense	9	(457)	(437)
Profit before tax		6,991	9,456
Taxation	11	(1,291)	(1,841)
Profit and total comprehensive income for the year attributable to the equity owners of the Company		5,700	7,615
Earnings per share attributable to equity owners of the Company			
Basic (£ per share)	12	0.13	0.17
Diluted (£ per share)	12	0.13	0.17

The above results were derived from continuing operations.

The notes on pages 45 to 64 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

Company Number: 07660874	Note	31 March 2021 £000s	31 March 2020 £000s
<b>Non-current assets</b>			
Investments	13	7,136	7,136
Intangible assets	14	35	56
Trade and other receivables	16	10,660	443
Deferred tax asset	19	121	157
Right-of-use asset	15	257	-
Total non-current assets		18,209	7,792
<b>Current assets</b>			
Investments	13	30,372	25,279
Trade and other receivables	16	7,688	5,454
Right-of-use asset	15	-	221
Cash and cash equivalents	17	1,144	8,371
Total current assets		39,204	39,325
<b>Total assets</b>		<b>57,413</b>	<b>47,117</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	174	174
Share premium	22	4	4
Share based payment reserve	22	349	226
Special reserve	22	178	905
Retained earnings	22	38,223	33,613
Total equity attributable to the equity owners of the company		38,928	34,922
<b>Non-current liabilities</b>			
Trade and other payables	18	6,602	213
Borrowings	20	7,698	7,526
Lease liability	15/20	96	88
Total non-current liabilities		14,396	7,827
<b>Current liabilities</b>			
Trade and other payables	18	3,565	3,230
Current tax liabilities	11	335	1,005
Lease liability	15/20	189	133
Total current liabilities		4,089	4,368
Total liabilities		18,485	12,195
<b>Total equity and liabilities</b>		<b>57,413</b>	<b>47,117</b>

The notes on pages 45 to 64 form part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 22 June 2021

**Steven Cooklin**

Chief Executive Officer



## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to equity owners of the Company					Total Equity* £'000s
	Share Capital £'000s	Share Premium £'000s	Share based payment £'000s	Special reserve £'000s	Retained Earnings £'000s	
<b>As at 1 April 2019</b>	<b>174</b>	<b>4</b>	<b>67</b>	<b>3,157</b>	<b>24,613</b>	<b>28,015</b>
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	7,615	7,615
<b>Transactions with owners</b>						
Dividend	-	-	-	-	(867)	(867)
Transfer in relation to historical corporation tax	-	-	-	(2,009)	2,009	-
Transfer in relation to creditors paid	-	-	-	(243)	243	-
Share based payment expense	-	-	48	-	-	48
Deferred tax on share-based payments	-	-	111	-	-	111
<b>As at 31 March 2020</b>	<b>174</b>	<b>4</b>	<b>226</b>	<b>905</b>	<b>33,613</b>	<b>34,922</b>
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	5,700	5,700
<b>Transactions with owners</b>						
Dividends	-	-	-	-	(1,817)	(1,817)
Transfer in relation to creditors paid	-	-	-	(727)	727	-
Share based payment expense	-	-	122	-	-	122
Deferred tax on share-based payments	-	-	1	-	-	1
<b>As at 31 March 2021</b>	<b>174</b>	<b>4</b>	<b>349</b>	<b>178</b>	<b>38,223</b>	<b>38,928</b>

\* attributable to the equity owners of the Company.

The notes on pages 45 to 64 form part of these financial statements.

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	31 March 2021 £000s	31 March 2020 £000s
Profit before tax		6,991	9,456
Adjustments for other operating items:			
Sale / (purchase) of property		-	493
Other receivables	16	581	(500)
Adjustments for non-cash items:	27	1,477	(9,008)
<b>Operating cashflows before movements in working capital</b>		<b>9,049</b>	<b>441</b>
Changes in working capital:			
Net increase in trade and other receivables		(12,952)	(1,620)
Net increase in trade and other payables		6,690	433
<b>Net cash generated / (used in) operations before corporation tax and investment in cases</b>		<b>2,787</b>	<b>(746)</b>
Corporation tax paid		(1,923)	(3,431)
Investment in cases	13	(5,887)	(4,098)
<b>Net cash used in operating activities</b>		<b>(5,023)</b>	<b>(8,275)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	14	-	(50)
Finance income received	9	6	35
<b>Net cash generated / (used) in investing activities</b>		<b>6</b>	<b>(15)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	20	-	8,000
Dividends paid	10	(1,817)	(867)
Interest paid		(240)	(164)
Lease repayment	15	(153)	-
<b>Net cash (used) / generated from financing activities</b>		<b>(2,210)</b>	<b>6,969</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7,227)</b>	<b>(1,321)</b>
Cash and cash equivalents at the beginning of the year		8,371	9,692
<b>Cash and cash equivalents at the end of the year</b>		<b>1,144</b>	<b>8,371</b>

The notes on pages 45 to 64 form part of these financial statements.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 1. COMPANY INFORMATION

Manolete Partners PLC (the 'Company') is a public company limited by shares incorporated in England and Wales. The Company is domiciled in England and its registered office is 2-4 Packhorse Road, Gerrards Cross, Buckinghamshire, SL9 7QE. The Company's ordinary shares are traded on the AIM Market.

The principal activity of the Company is that of acquiring and funding insolvency litigation cases.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 BASIS OF PREPARATION

These financial statements of the Company have been prepared on a going concern basis in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union to present fairly the financial position and performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. 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.

#### *Measurement bases*

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in note 3.

#### 2.2 GOING CONCERN

After making appropriate enquires, the directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of the signed financial statements.

In particular, the Board considered the refinancing of the existing HSBC loan with a £25m revolving credit facility and a further approved but uncommitted £10m accordion which was signed on 22 June 2021 for a term until 1 July 2024 with a further 1 year extension along with the financial forecast of the business for an 16 month period from June 2021 to September 2022 which was discussed at January's Board meeting.

Furthermore, the Board has discussed the impact of COVID-19 on the business throughout the year. A reduced level of activity in the Insolvency market over the last 6 months, itself driven by unprecedented levels of Government support to failing businesses, has resulted in a lower level of new cases signed than would otherwise have been the case. The directors expect that the removal of Government support in the coming months is likely to lead to further insolvencies and related litigation cases.

On an operational basis, the business has been able to fully function remotely with our in-house lawyers meeting online with Insolvency Practitioners and external lawyers and continuing to progress cases. The Courts continue to function at first remotely but increasingly in person.

Based on this assessment, the directors are of the opinion that the Company has adequate financial resources to continue in operation and meet its liabilities as they fall due, for the foreseeable future as a minimum for a period of at least 12 months from the approval of these financial statements. Hence, the directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

For these reasons, they continue to adopt the going concern basis in preparing the Company's financial statements.

#### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial information is presented in the functional currency, pounds sterling ('£') except where otherwise indicated.

For the year ended 31 March 2021

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

### **2.4 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

*New and amended IFRS Standards that are effective for the current year:*

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities

*New and revised IFRS Standards in issue but not yet effective:*

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, and IFRS 16 Leases.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

### **2.5 REVENUE RECOGNITION**

Revenue comprises two elements: the movement in fair value of investments and realised consideration.

Realised consideration occurs when a case is settled, or a Court judgement received. This is an agreed upon and documented figure.

The movement in the fair value of investments is recognised as Unrealised gains within Revenue. This is management's assessment of the increase or decrease in valuation of an open case, the inclusion of value for a new case and the removal of the fair value of a completed case. These valuations are estimated following the progress of a case towards completion and also reflect the judgement of the legal team working on the case (see Note 3. Significant Judgements and Estimates). Hence, unrealised revenue is the movement in the fair value of the investments in open cases over a period of time.

When a case is completed the carrying value is a deduction to unrealised income and the actual settlement value is recorded as realised revenue.

Revenue recognition differs between a purchased case, where full recognition of the settlement is recognised as revenue (including the insolvent estate's share) and a funded case where only the Company's share of a settlement is recognised as revenue. This differing treatment arises because the Company owns the rights to the purchased case.

As revenue relates entirely to financing arrangements, revenue is recognised under the classification and measurement provisions of IFRS 9.

### **2.6 FINANCE EXPENSE AND INCOME**

#### *Finance expense*

Finance expense comprises interest on bank loans and other interest payable. Interest on bank loans and other interest is charged to the statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *Finance income*

Finance income comprises interest receivable on funds invested and other interest receivable. Interest income is recognised in profit or loss as it accrues using the effective interest method.

### **2.7 EMPLOYEE BENEFITS: PENSION OBLIGATIONS**

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **2.8 INTANGIBLE ASSETS**

Intangible assets are measured at cost and are amortised on a straight-line basis over their estimated useful lives. Amortisation is charged within administrative expenses in the statement of comprehensive income so as to write off the cost of assets over their estimated useful lives, on the following basis:

Website development costs: 33.3% of cost.

## 2.9 FINANCIAL ASSETS

### *Classification*

The Company classifies its financial assets at amortised cost or fair value through profit or loss. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

### *Financial assets at amortised cost*

The Company's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

### *Impairment of financial assets*

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired asset.

Impairment provisions for trade receivables are recognised specifically against receivables where Management have identified default or delays to payments in addition to the simplified approach within IFRS 9 using lifetime expected credit losses. The Company applies the simplified approach in providing for expected credit losses under IFRS 9 which allows the use of the lifetime expected credit loss provision for all trade receivables. In measuring the expected credit losses, trade receivables have been stratified by settlement type and days past due. Expected lifetime expected credit loss rates are based on the payment profiles of sales from January 2019 (post IPO). For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

### *Investments*

Investments in cases are categorised at 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. Management identifies and selects a number of material case valuations for external opinion. As such this year the valuation of a sample of material investments was underpinned by an external legal opinion, which confirms the directors' valuation.

### *Valuation of investments*

Determining the value of purchased and funded litigation requires an estimation of the value of such assets upon acquisition and at each reporting date. The future income generation of such litigation is estimated from known information and the opinion of external senior specialist counsel and solicitors. Valuations of each case, at the balance sheet date, are therefore arrived at by the directors, considering counsel's, or external lawyer'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.

Contract assets are initially recognised in respect of earned interest revenue earned on completed cases but where the settlement will be paid to the Company over a significant period of time (i.e. there is a significant financing component implicit in the transaction).

## 2.10 FINANCIAL LIABILITIES

The Company classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provision of the instrument. Trade and other payables and borrowings are included in this category.

### *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.



For the year ended 31 March 2021

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

Borrowings are de-recognised from the balance sheet when the obligation specified in the contract is discharged, is cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### *Trade and other payables*

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

### *Lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives received.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### *Contract liabilities*

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

## **2.11 PROVISIONS**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

## **2.12 SHARE CAPITAL**

Ordinary shares are classified as equity. There is one class of ordinary share in issue, as detailed in note 21. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds, net of tax.

## **2.13 INCOME TAX**

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Temporary differences are not recognised if they arise from a) the initial recognition of goodwill, and b) for the initial recognition of other assets or liabilities in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.14 SHARE-BASED PAYMENTS

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

## 2.15 RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date, net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. Depreciation is charged to administrative expenses in the Statement of Comprehensive Income.

## 2.16 EARNINGS PER SHARE

### *Basic Earnings Per Share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

### *Diluted Earnings Per Share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## 2.17 DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

## 3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements under IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

## VALUATION OF 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.

For the year ended 31 March 2021

### **3. SIGNIFICANT JUDGEMENTS AND ESTIMATES CONTINUED**

The key stages that an individual case passes through typically includes: initial review on whether to make a purchase or funding offer, correspondence from the Company in-house lawyer, usually via externally retained solicitors, to the opposing party notifying them of the Company's assignment or funding of the claim, a fully particularised Letter Before Action and an invitation to without prejudice settlement meetings or mediation, if the opposing party does not respond then legal proceedings are issued. Further evidence may be gathered to support the claim. Eventually a court process may be entered into. The progress of a case feeds into the director's valuation of that case each month, as set out below.

In accordance with IFRS 9 and IFRS 13, the Company is required to recognise live case investments at fair value at the half year and year end reporting periods, at 30 September and 31 March each year.

The Company undertakes the following steps:

- On a weekly basis, the internal legal team report developments into the Investment Committee on a case-by-case basis in writing. Full team meetings then take place on a monthly basis to review progress on all live cases, on a case-by-case basis over several hours;
- On a monthly basis, the directors adjust case fair values depending upon objective case developments, for instance: an offer to settle, mediation agreed, positive or negative legal advice. These adjustments to fair value may be an increase or decrease in value or no change required; and
- At reporting period ends, a sample of open case investments is selected for which written assessments are obtained from external solicitors or primary counsel working on the case on behalf of the Company.

In all cases, a headline valuation is the starting point of a valuation from which a discount is applied to reflect legal advice obtained, strength of defendant's case, the likely amount a defendant might be able to pay to settle the case, progress of the case through the legal process and settlement offers.

Movements in fair value on investments in cases are included within revenue in the Statement of Comprehensive Income. Fair value gains or losses are unrealised until a final outcome or stage is reached. At the year-end there were 246 open cases, of these 194 had a valuation of less than £100k. These cases are not expected to have an individually material impact on the business when they are settled. The remaining 51 cases make up £26.4m of the Investments and are material to the business, the significant judgements and estimates in their valuations at the balance sheet date were as follows:

#### **1. Judgements:**

- 1.1** The amount that cases are discounted to recognise cases being settled before they are taken to Court, based on the facts of each case and management's judgement of the likely outcome.

**1.2** Litigation is inherently uncertain. The Company seeks to mitigate its risk by: rejecting the majority of cases referred to it because the merits of the claim are considered weak or the defendant is considered not to have sufficient net worth and seeking to settle cases as early as possible. Nevertheless, the risk and uncertainty can never be completely removed. The key inputs are: the headline claim value, the likely settlement value, the opposing party's ability to pay and the likely costs in achieving the judgement. These inputs are inter-related to an extent.

**1.3** Excluding the large case completion in FY21, the Company does not consider there to be any significant concentration of risk within either trade or other receivables.

**1.4** The Company accrues for future legal costs on the basis that cases will be settled before trial which is how the vast majority of the 388 cases completed to date have been settled. When it becomes clear a case will progress all the way to trial the additional costs are accrued at this point on a case-by-case basis.

#### **2. Estimates:**

**2.1** All cases will be subject to the internal key stages and regular fair value review processes as described above. For the avoidance of doubt, the fair value review requires an estimate to be made by senior management based upon the facts and progress of the case and their experience. For a sample selected by Management and reviewed by the external auditors, an external opinion is requested from counsel or a solicitor who is working on the case which provides an independent description of the merits of the case.

These assessments include various assumptions that could change over time and lead to different assessments over the next 12 months.

**2.2** Future legal costs have been estimated on the estimated time the case will take to complete, ranging between 3 to 24 months (excluding the Cartel cases) and whether it will go to Court. Future results could be materially impacted if these original estimates change either positively or negatively.

**2.3** Recovery of debts is based on the Company's ability to recover assets owned by the counterparty. Prior to case acceptance, a net worth review of the defendant is undertaken to ensure that they own sufficient assets to support the claim value. Cases that are settled without going to Court agree a repayment schedule, whilst those that result in Court cases are less predictable in terms of full recovery.

**2.4** The valuations assume that there is no recovery for interest and costs. If cases go to Court and result in a judgement in the Company's favour, it is likely that the Company will be awarded interest and costs.

Sensitivity analysis has not been included in the financial statements, due to the vast amount of inputs and number of variables which are inherently specific to each case, making it impossible to provide meaningful data. Whilst the Board considers the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuation, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions could require a material adjustment to the carrying amount of the £37.5m of investments disclosed in the balance sheet. However, as an indication we note that a 10% increase/(decrease) in the fair value of our top 20 cases (including Cartel cases) would result in an increase/(decrease) in the fair value investment of +/- £2.13m.

#### RECOVERABILITY OF TRADE RECEIVABLES

The Company's business model involves the provision of services for credit. The Company normally receives payment for services it has provided once a claim has been pursued and settled or decided in Court. The average time from taking on a case to settlement is c.12 months although this can vary significantly from case to case. As part of the settlement agreement, the timing of payment of the award by the defendant to the Company is agreed, this is a legally binding document. Settlements can be received in full on the day of settlement or (at Management's discretion) paid in instalments over a defined settlement plan.

As such, Management applies a number of estimates and judgements in the recording of trade receivables, for example: in relation to default judgements Management assess the likely recoverability and do not necessarily recognise the full judgement; Management also assessed recoverability of receivables in light of the COVID-19 pandemic and its impact on certain debtors to manage repayments; which further informed our expected credit loss.

The Company applies the simplified approach in providing for expected credit losses under IFRS 9 which allows the use of the lifetime expected credit loss provision for all trade receivables. In measuring the expected credit losses, trade receivables have been stratified by settlement type and days past due. Expected lifetime expected credit loss rates are based on the payment profiles of sales from January 2019 (post IPO). The Company attempts to assess the probability of credit losses but seeks to mitigate its credit risk by undertaking rigorous net worth checks before taking on a case. Occasionally, credit defaults do sometimes occur when counterparties default on an agreed settlement, payable by instalments.

There is a concentration risk in relation to the trade receivable of £9.6m in relation to the large case completion in FY21. Repayments to date have been made according to the agreed schedule. Based on management's assessment of the receivable no provision has been recognised against this balance.

Recovery of receivables is closely monitored by Management and action, where appropriate, will be taken to pursue any overdue payments. The Company seeks to obtain charging orders over the property of trade receivables as security. The receivables' ageing analysis is also evaluated on a regular basis for potential doubtful debts. It is the directors' opinion that no further provision for doubtful debts is required.

#### 4. SEGMENTAL REPORTING

During the year ended 31 March 2021, revenue was derived from cases funded on behalf of the insolvent estate and cases purchased from the insolvent estate, which are wholly undertaken within the UK. Where cases are funded, upon conclusion, the Company has the right to its share of revenue; whereas for purchased cases, it has the right to receive all revenue, from which a payment to the insolvent estate is made. Revenues arising from funded cases and purchased cases are considered one business segment and are considered to be the one principal activity of the Company. All revenues derive from continuing operations and are not seasonal in nature.

Net realised gains on investments in cases represents realised revenue on completed cases.

Fair value movements includes the increase / (decrease) in fair value of open cases, the removal of the carrying fair value of realised cases (in the period when a case is completed and recognised as realised revenue) and the addition of the fair value of new cases.

	31 March 2021 £000s	31 March 2020 £000s
Net realised gains on investments in cases	24,427	7,782
Fair value movements (net of transfers to realisations)	3,405	10,900
	27,832	18,682

Included within the net realised gains on investments in cases above are £434k (FY20: Nil) in relation to the unwinding of the discount of amounts due on a significant debtor.

	31 March 2021 £000s	31 March 2020 £000s
Arising from:		
Purchased cases	24,486	13,335
Funded cases	3,346	5,347
	27,832	18,682

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2021

### 5. DIRECTORS AND EMPLOYEES

Staff costs for the Company during the year:

	31 March 2021 £000s	31 March 2020 £000s
<b>Staff costs (including directors):</b>		
Wages and salaries	2,886	2,222
Social security costs	335	236
Other pension costs and benefits	265	115
Total staff costs	3,486	2,573

The average monthly number of employees (including executive and non-executive directors) employed by activity was:

	31 March 2021 No.	31 March 2020 No.
Directors (executive and non-executive)	5	5
Management and administration	16	14
Average headcount	21	19

The aggregate amounts charged in the accounts for key management personnel (including employer's National Insurance contributions), being the directors of the Company, were as follows:

	31 March 2021 £000s	31 March 2020 £000s
<b>Directors' emoluments:</b>		
Salaries and fees (including employer's National Insurance contributions)	865	822
Other pension costs and benefits	20	20
Total	885	842

Director's remuneration is detailed in the Remuneration report.

	31 March 2021 £000s	31 March 2020 £000s
<b>Highest paid director:</b>		
Salaries and fees	404	335
Other pension costs and benefits	10	14
Total	414	349

Management consider the directors to be the key management personnel.

### 6. OPERATING PROFIT

Is stated after charging / (crediting):

	31 March 2021 £000s	31 March 2020 £000s
Bad debt expenses	1,366	535
Share based payments	122	63
Depreciation of right-of-use-asset	140	125
Amortisation of intangible assets	21	13
Profit on sale of residential property	-	(7)

### 7. AUDITOR REMUNERATION

Amounts payable to RSM UK Audit LLP and its related entities in respect of both audit and non-audit services are set out below.

	31 March 2021 £000s	31 March 2020 £000s
Fee payable to Company's auditor and its associates for the statutory audit of the Company's financial statements	65	62
Fees payable to Company's auditor and its associates for other services:		
Interim agreed upon procedures	9	10
Other taxation services	-	15
<b>Total</b>	<b>74</b>	<b>87</b>

Details of the Company's use of the Auditors for non-audit services, the reasons why the Auditors were used rather than another supplier and how the Auditors' independence and objectivity was safeguarded are set out in the Audit Committee Report on pages 32 and 33.

### 8. ANALYSIS OF EXPENSES BY NATURE

Internal legal costs are included within administrative expenses whereas external legal costs are either capitalised as Investments for open cases or recognised as cost of sales on completed cases.

The breakdown by nature of administrative expenses is as follows:

	31 March 2021 £000s	31 March 2020 £000s
Staff Costs, including pension and healthcare costs	3,486	2,573
Bad debts including expected credit losses	1,366	535
Professional fees	533	433
Marketing costs	168	513
Other costs, including professional fees and office costs	461	532
<b>Total administrative expenses</b>	<b>6,014</b>	<b>4,586</b>



## 9. FINANCE INCOME AND FINANCE EXPENSE

	31 March 2021 £000s	31 March 2020 £000s
Bank interest	6	39
Other loan interest	44	50
<b>Total finance income</b>	<b>50</b>	<b>89</b>
	31 March 2021 £000s	31 March 2020 £000s
Lease liability interest	48	57
Other loan interest	218	229
Bank loan charges	191	151
<b>Total finance expense</b>	<b>457</b>	<b>437</b>

## 10. DIVIDENDS

Dividends paid during the financial year were as follows.

	31 March 2021 £000s	31 March 2020 £000s
<b>Declared during the year</b>		
Final dividend for the year ended 31 March 2020 of 3.00p per share, paid in September 2020 (September 2019: 1.49p)	1,307	649
Interim dividend for the year ended 31 March 2021, of 1.17p per share, paid in December 2020 (December 2019: 0.5p)	510	218
<b>Total dividends paid during FY21</b>	<b>1,817</b>	<b>867</b>
<b>Proposed after the end of year and not recognised as a liability</b>		
Final dividend for the year ended 31 March 2021: 1.00p per share (31 March 2020: 3.00p per share)	436	1,307

## 11. TAXATION

	31 March 2021 £000s	31 March 2020 £000s
<b>Analysis of charge in year</b>		
Current tax charge on profits for the year	1,353	1,841
Adjustments in respect of prior periods	(99)	-
Total current tax charge	1,254	1,841
Total deferred tax charge	37	-
<b>Tax on profit on ordinary activities</b>	<b>1,291</b>	<b>1,841</b>

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19%. (2020: 19%). The differences are explained below.

	31 March 2021 £000s	31 March 2020 £000s
Profit on ordinary activities before tax	6,991	9,456
Profit on ordinary activities multiplied by the rate of corporation tax in the UK as above	1,328	1,797
Effects of:		
Expenses not deductible	24	44
Adjustments to current tax in respect of previous periods	(99)	-
Deferred tax charged directly to equity	1	-
Temporary differences not recognised in the computation	37	-
<b>Tax charge for the period</b>	<b>1,291</b>	<b>1,841</b>

For the year ended 31 March 2021

## 12. EARNINGS PER SHARE

The Basic Earnings Per Share is calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted Earnings Per Share is calculated by dividing the profit after tax by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options. The following reflects the income and share data used in the earnings per share calculation:

	31 March 2021 £000s	31 March 2020 £000s
Profit for the period attributable to equity holders of the Company	5,700	7,615
Weighted average number of ordinary shares	43,571,425	43,571,425
Basic Earnings Per Share	£0.13	£0.17

Basic Earnings Per Share is based on the profit for the year attributable to the equity holders of the Company divided by the weighted average number of ordinary shares during the period.

	31 March 2021 £000s	31 March 2020 £000s
Profit for the period attributable to equity holders of the Company	5,700	7,615
Diluted weighted average number of ordinary shares	44,543,718	44,318,539
Diluted Earnings Per Share	£0.13	£0.17

Reconciliation of number of shares and diluted shares at year end:

	31 March 2021 £000s	31 March 2020 £000s
Weighted average number of shares for Basic Earnings Per Share	43,571,425	43,571,425
Adjustments for calculation of Diluted Earnings Per Share:		
Options over ordinary shares	973,293	747,114
Weighted average number of shares for Diluted Earnings Per Share	44,543,718	44,318,539

The earnings per share is diluted by options over ordinary shares, as detailed in note 23.

## 13. INVESTMENTS

Non-current investments and current asset investments comprise the costs incurred in 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 and the directors' opinion, which can either be positive or negative (see Note 3.2 on accounting estimates).

	31 March 2021 £000s	31 March 2020 £000s
As at 1 April 2020	32,415	18,197
Additions	5,887	4,917
Realisations	(4,199)	(1,599)
Fair value movement (net of transfers to realisations)	3,405	10,900
As at 31 March 2021	37,508	32,415
Current	30,372	25,279
Non-current	7,136	7,136
As at 31 March 2021	37,508	32,415

	31 March 2021 £000s	31 March 2020 £000s
<b>Analysis of fair value movements</b>		
New case investments	12,398	8,581
Increase in existing case fair value	1,865	3,729
Decrease in existing case fair value	(1,356)	(1,412)
Case completions	(9,502)	(2,001)
Cartel cases	-	2,003
Fair value movement (net of transfers to realisations)	3,405	10,900

## 14. INTANGIBLE ASSETS

Intangible assets comprised the costs of developing the Company's website. The website developments costs are amortised over the useful life of the website, which is estimated to be three years.

	31 March 2021 £000s	31 March 2020 £000s
<b>Website development costs</b>		
As at 1 April 2020	56	6
Additions	-	63
Amortisation charge	(21)	(13)
As at 31 March 2021	35	56

## 15. RIGHT-OF-USE ASSETS

The Company holds one lease, an office property lease for 21 Gloucester Place, London which expires in September 2022.

	31 March 2021 £000s	31 March 2020 £000s
<b>Right-of-use assets</b>		
As at 1 April 2020	221	-
Additions	176	346
Depreciation	(140)	(125)
As at 31 March 2021	257	221
Current	-	221
Non-current	257	-
As at 31 March 2021	257	221

During FY21 the lease of the Company's office in London was extended to September 2022. Additions to right-of-use assets include extensions to existing lease agreements.

	31 March 2021 £000s	31 March 2020 £000s
<b>Lease liability</b>		
Current	189	133
Non-current	96	88
As at 31 March 2021	285	221

The incremental borrowing rate used in the calculation of the lease liability was 3% (FY20: 3%). The maturity analysis of the finance lease liability is included in note 28.

	31 March 2021 £000s	31 March 2020 £000s
<b>Amounts recognised in the Statement of Comprehensive Income</b>		
Total interest expense	48	64

	31 March 2021 £000s	31 March 2020 £000s
<b>Amounts recognised in the Statement of Cashflows</b>		
Total cash outflow	(153)	(189)

## 16. TRADE AND OTHER RECEIVABLES

	31 March 2021 £000s	31 March 2020 £000s
<b>Amounts falling due in excess of one year:</b>		
Trade receivables	10,660	443
<b>Amounts falling due within one year:</b>		
Gross trade receivables	9,570	5,195
Less:		
Specific provisions	(1,919)	(314)
Allowance for expected credit losses	(560)	(107)
Trade receivables	7,091	4,774
Other receivables	-	500
Contract asset	431	-
Prepayments	166	180
Total trade and other receivables due within one year	7,688	5,454

Trade receivables are amounts due from settled cases in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Ageing of the expected credit loss allowances is included in note 28.

In 2020 other receivables comprised of a £500k loan due payable by June 2021. The loan was repaid in during FY21 totalling £581k including interest of 81k. Interest accrued on the loan of £38k was presented within accruals in FY20.

Contract assets relate to accrued interest income due on settlement of the large case completion in FY21.

No impairment provision has been recognised in respect of other receivables or contract assets as there is no past history of impairment losses and future losses are not anticipated.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2021

### 16. TRADE AND OTHER RECEIVABLES CONTINUED

Movements in the allowance for expected credit losses are as follows:

	31 March 2021 £000s	31 March 2020 £000s
At 1 April 2020	107	49
Provisions for impairment during the year	453	58
Unused amounts written back	-	-
At 31 March 2021	560	107

The Company applies the simplified approach in providing for expected credit losses under IFRS 9 which allows the use of the lifetime expected credit loss provision for all trade receivables. In measuring the expected credit losses, trade receivables have been stratified by settlement type and days past due. Expected lifetime expected credit loss rates are based on the payment profiles of sales from January 2019 (post IPO).

### 17. CASH AND CASH EQUIVALENTS

	31 March 2021 £000s	31 March 2020 £000s
Cash at bank and in hand	1,144	8,371

All bank balances are denominated in pounds sterling.

### 18. TRADE AND OTHER PAYABLES

	31 March 2021 £000s	31 March 2020 £000s
<b>Amounts falling due in excess of one year:</b>		
Trade payables	6,602	213
<b>Amounts falling due in one year:</b>		
Trade payables	713	416
Accruals – direct costs	1,719	2,052
Other creditors	753	682
Contract liability	291	-
Other taxation and social security	89	80
Total trade and other payables due within one year	3,565	3,230

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying value of trade and other payables approximates their fair value, as the impact of discounting is not significant.

Accruals – direct costs relates primarily to accrued amounts due to Insolvency Practitioners on the Company's completed cases and accrued legal costs of completed cases. Of the £6.6m shown as non-current, £5.8m relates to the amounts payable to the Insolvency Practitioner due in more than one year in respect of the large case completion in FY21.

The contract liability relates to interest accruing on the significant financing component in respect of amounts payable to the Insolvency Practitioner on the large case completion during FY21.

### 19. DEFERRED TAX ASSET

	31 March 2021 £000s	31 March 2020 £000s
At 1 April 2020	157	46
Deferred tax charged in the income statement for the period	(37)	111
Deferred tax included directly in equity	1	-
At 31 March 2021	121	157

Deferred tax has been credited to equity reserve because these movements in deferred tax assets relate to releases and creation of share options.

### 20. BORROWINGS

	31 March 2021 £000s	31 March 2020 £000s
<b>Non-current</b>		
Bank loans	7,698	7,526
Lease liability	96	88
Total non-current borrowings	7,794	7,614
<b>Current</b>		
Bank loans	-	-
Lease liability	189	133
Total current borrowings	189	133

Arrangement fees in relation to a £10m loan facility originally set up with HSBC in January 2018 that was subsequently extended to a £20m facility with a term of four years from date of extension, in November 2018, are capitalised and amortised over the length of the loan facility, four years.

Gross borrowings are £8,000k as at 31 March 2021 but are presented net of HSBC set-up amortised costs of £302k above (FY20: £474k) and in the Statement of Financial Position. The maturity analysis of bank loans is included in note 28.

The Company has complied with the financial covenants of its borrowing facilities which are assessed on a quarterly basis, during the 2021 and 2020 reporting periods.

#### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

	1 April 2020 £000s	Cash flows £000s	Non-cash changes £000s	31 March 2021 £000s
Bank borrowings	7,526	-	172	<b>7,698</b>
Lease liabilities	221	(154)	218	<b>285</b>
Total liabilities from financing activities	7,747	(154)	390	<b>7,983</b>

	1 April 2019 £000s	Cash flows £000s	Non-cash changes £000s	31 March 2020 £000s
Bank borrowings	-	8,000	(474)	7,526
Lease liabilities	-	(189)	410	221
Total liabilities from financing activities	-	7,811	(64)	7,747

The directors consider the carrying value of all financial liabilities to be equivalent to their fair value.

A £20,000,000 credit facility was provided on 30 November 2018 by HSBC Bank plc. The Company granted a fixed and floating charge over all of its assets in favour of HSBC Bank plc. The facility term is four years. The interest rate is LIBOR plus a maximum margin of 2.75%, depending on the Company's financial performance against agreed covenants.

We have agreed on 22 June 2021, a new RCF for £25m over an initial three-year period to 1 July 2024, with an option to extend by a further year. The new RCF also offers the Company an additional approved but uncommitted £10m accordion, if ever required. The interest rate is a maximum 2.9% over SONIA. Under terms of the new agreement, Steven Cooklin is required to maintain a minimum shareholding of 5% of the issued share capital of the Company, and is subject a change in control clause such that no investor may hold more than 30 percent of the voting rights of the Company.

Commitments in relation to leases are payable as follows:

	31 March 2021 £000s	31 March 2020 £000s
Within one year	<b>194</b>	193
Less than one but not later than five years	<b>97</b>	97
Over five years	-	-
Total	<b>291</b>	290
Future finance charges	<b>(6)</b>	(69)
Total lease liability	<b>285</b>	221

#### 201. SHARE CAPITAL

	31 March 2021 No.	31 March 2020 No.
<b>Allotted and issued</b>		
Ordinary shares of £0.004 each	<b>43,571,425</b>	43,571,425

#### VOTING RIGHTS

The holders of ordinary shares are entitled to one voting right per share.

#### DIVIDENDS

The holders of ordinary shares are entitled to dividends out of the profits of the Company available for distribution.

#### 22. RESERVES

##### SHARE PREMIUM

Includes all current and prior year premiums received on issue of share capital.

##### SHARE BASED PAYMENT RESERVE

Includes amounts recognised for the fair value of share options granted in accordance with IFRS 2.

##### SPECIAL NON-DISTRIBUTABLE RESERVE

A special non-distributable reserve was created in FY19 to ensure there was sufficient reserves held within the Company to satisfy creditors at the time of a conversion of share premium to distributable reserves to allow a dividend to be paid in FY19. The balance on this reserve will decline to nil over time as creditors are paid.

##### RETAINED EARNINGS

Includes all current and prior periods retained profits and losses.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2021

### 23.SHARE-BASED PAYMENTS

The Company operates a number of share-based payment schemes as follows:

#### CSOP SHARE SCHEME

The Board has adopted the Manolete Partners Company Share Option Plan (CSOP) to enable conditional share awards to be granted, which may be subject to achievement of performance criteria and the awards are exercisable between three and ten years following their grant. There are no cash-settlement alternatives and the awards are therefore accounted for under IFRS 2 as equity settled share-based payments.

*Year ended 31 March 2021*

Grant date	Expiry date	Exercise price	Balance brought forward	Granted during the year	Exercised during the year	Lapsed / forfeited	Balance carried forward
21/11/2018	21/11/2021	1.12	507,352	-	-	-	507,352
8/07/2019	08/07/2022	4.45	50,557	-	-	-	50,557
29/11/2019	29/11/2022	4.65	16,127	-	-	-	16,127
09/12/2019	09/12/2022	4.3	193,781	-	-	-	193,781
27/07/2029	27/07/2023	4.15	-	28,912	-	(7,228)	21,684
15/03/2021	15/03/2024	2.7	-	11,111	-	-	11,111
			<b>767,817</b>	<b>40,023</b>	<b>-</b>	<b>(7,228)</b>	<b>800,612</b>
Exercisable at the end of the year			-	-	-	-	-
Weighted average exercise price			2.22	3.75	-	4.15	2.28

*Year ended 31 March 2020*

Grant date	Expiry date	Exercise price	Balance brought forward	Granted during the year	Exercised during the year	Lapsed / forfeited	Balance carried forward
21/11/2018	21/11/2021	1.12	701,133	-	-	(193,781)	507,352
08/07/2019	08/07/2022	4.45	-	50,557	-	-	50,557
29/11/2019	29/11/2022	4.65	-	16,127	-	-	16,127
09/12/2019	09/12/2022	4.3	-	193,781	-	-	193,781
			701,133	260,465	-	(193,781)	767,817
Exercisable at the end of the year			-	-	-	-	-
Weighted average exercise price			1.12	4.35	-	1.12	2.22

No options were exercised or modified during the year ended 31 March 2021.

Options outstanding at 31 March 2021 are exercisable at prices ranging between £1.12 and £4.65 (FY20: £1.12 and £4.65) and have a weighted average contractual life of the options outstanding at the reporting date is 11.8 months (FY20: 23 months), as analysed in the table below:

Exercise price range	Number of share options		Weighted average remaining contractual life (months)	
	FY21	FY20	FY21	FY20
£1.12 - £1.99	<b>507,352</b>	507,352	<b>7.0</b>	19.0
£2.00 - £3.99	<b>11,111</b>	-	<b>35.0</b>	-
£4.00 - £4.65	<b>282,149</b>	260,465	<b>19.6</b>	31.0
	<b>800,612</b>	767,817	<b>11.8</b>	23.1

	Number of share options No.		Exercise price £	
	FY21	FY20	FY21	FY20
CSOP Options	<b>187,559</b>	154,764	<b>2.77</b>	2.58
Unapproved Options	<b>613,053</b>	613,053	<b>2.13</b>	2.13
Total	<b>800,612</b>	767,817	<b>2.28</b>	2.22



## FAIR VALUE CALCULATIONS

The fair value of the CSOP share option plans are calculated at the date of the grant using the Black-Scholes option pricing model. Expected volatility was determined by calculating the historical volatility of the Company's share price over an appropriate period. The following table presents the inputs used in the option pricing model for the share options granted in the years ended 31 March 2021 and 31 March 2020 based on information at the date of grant:

Grant date of award	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/07/2020	4.11	4.15	20%	1.5%	1%	0.50
15/03/2021	2.73	2.70	61%	1.5%	0.2%	1.03

No performance conditions were included in the fair value calculations for CSOP awards granted during the year.

## LONG-TERM INCENTIVE PLAN

In FY21 the Company introduced an equity-settled Long-Term Incentive Plan (LTIP) scheme for the executive directors and other senior executives. Performance is measured at the end of the three-year performance period. If the required minimum Earnings Per Share ('EPS') performance conditions have been satisfied, 25% of the shares will vest increasing to 100% of shares if the maximum EPS target is achieved. Straight-line vesting will apply if performance falls between two points. Options awarded will expire ten years from the date of grant and are issued at the nominal value of the Company's share capital of £0.004p but the Company's remuneration committee may waive the requirement at their discretion.

The following table summarises the movements in LTIP options during the year:

### Year ended 31 March 2021

Grant date	Expiry date	Exercise price	Balance brought forward	Granted during the year	Exercised during the year	Lapsed / forfeited	Balance carried forward
30/09/2020	30/03/2021	0.004	-	53,333 <sup>1</sup>	-	(53,333)	-
30/09/2020	30/03/2022	0.004	-	53,333 <sup>1</sup>	-	-	53,333
30/09/2020	30/03/2023	0.004	-	321,334 <sup>1</sup>	-	-	321,334
			-	428,000	-	(53,333)	374,667
Weighted average exercise price			-	0.004	-	0.004	0.004

1. The LTIP amounts above are the maximum potential conditional share awards that may vest subject to the performance conditions.

No options were exercised during the period as the awards did not vest and no options were modified. The weighted average remaining contractual life of these options is 21.3 months (FY20: Nil). No LTIP options were in issue prior to the 1 April 2020.

## FAIR VALUE CALCULATIONS

The fair value of the LTIP share option plans are calculated at the date of the grant using the Black-Scholes option pricing model. Expected volatility was determined by calculating the historical volatility of the Company's share price over an appropriate period. The following table presents the inputs used in the option pricing model for the share options granted in the years ended 31 March 2021 and 31 March 2020 based on information at the date of grant:

Grant date of award	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/09/2020	£3.05	£0.004	20%	1%	0.5%	3.00
30/09/2020	£3.05	£0.004	20%	1%	0.5%	2.97
30/09/2020	£3.05	£0.004	20%	1%	0.5%	2.94

LTIP awards granted during the year ended 31 March 2021 are subject to the Earnings Per Share performance conditions.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2021

### 24. COMMITMENTS AND CONTINGENCIES

#### CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2021.

#### CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2021.

### 25. RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme for all qualifying employees. During the year, the Company charged £73,953 (FY20: £63,317) as employer's pension contributions. The outstanding pension creditor as at 31 March 2021 was £4,765 (FY20: £6,265).

### 26. FINANCIAL INSTRUMENTS - CLASSIFICATION AND MEASUREMENT

#### FINANCIAL ASSETS

Financial assets measured at amortised cost comprise trade receivables, other receivables, contract assets and cash, as follows:

	31 March 2021 £000s	31 March 2020 £000s
Trade receivables	17,751	5,217
Other receivables	-	500
Contract assets	431	-
Cash and cash equivalents	1,144	8,371
<b>Total</b>	<b>19,326</b>	<b>14,088</b>

Financial assets measured at fair value through profit or loss comprise of investments:

	31 March 2021 £000s	31 March 2020 £000s
Investments	37,508	32,415
<b>Total</b>	<b>37,508</b>	<b>32,415</b>

#### FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost comprise of: trade and other payables, bank loans, and lease liabilities, as follows:

	31 March 2021 £000s	31 March 2020 £000s
Trade and other payables	10,167	3,443
Bank loans	7,698	7,526
Lease liabilities	285	221
<b>Total</b>	<b>18,150</b>	<b>11,190</b>

### FAIR VALUE

The fair value of investments is determined as set out in the accounting policies in Note 2. The fair value hierarchy of financial instruments measured at fair value is provided below:

31 March 2021	Level 1 £000s	Level 2 £000s	Level 3 £000s
Investments	-	-	37,508
<b>Total</b>	<b>-</b>	<b>-</b>	<b>37,508</b>

31 March 2020	Level 1 £000s	Level 2 £000s	Level 3 £000s
Investments	-	-	32,415
<b>Total</b>	<b>-</b>	<b>-</b>	<b>32,415</b>

### 27. CASHFLOW INFORMATION

#### (A) NON-CASH ADJUSTMENTS TO CASHFLOWS GENERATED FROM OPERATIONS

	31 March 2021 £000s	31 March 2020 £000s
Fair value movements	(3,405)	(10,900)
Legal costs on realised cases	4,199	1,599
Finance expense	457	445
Depreciation & amortisation	161	-
Share based payments	122	(63)
Finance income	(50)	(89)
Non-cash change in lease liability	(7)	-
<b>Non-cash adjustments to cashflows generated from operations</b>	<b>1,477</b>	<b>(9,008)</b>

#### (B) NET DEBT RECONCILIATION

	31 March 2021 £000s	31 March 2020 £000s
Cash and cash equivalents	1,144	8,371
Borrowings - repayable after one year	(7,698)	(7,526)
Net (debt) / cash excluding leases	(6,554)	845
Current lease liability	(189)	(133)
Non-current lease liability	(96)	(88)
<b>Net (debt) / cash including leases</b>	<b>(6,839)</b>	<b>624</b>

## 28. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), investment risk, liquidity risk and credit risk. Risk management is carried out by the Board of directors. The Company uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The Company finances its operations through a mixture of equity finance, bank debt, cash and liquid resources and various items such as trade receivables and trade payables which arise directly from the Company's operations.

### INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest bearing assets including cash and cash equivalents are short-term liquid assets. It is the Company's policy to settle trade payables within the credit terms allowed and the Company does therefore not incur interest on overdue balances. No sensitivity analysis has been prepared as the impact on the financial statements would not be significant.

The interest rate profile of the Company's borrowings is shown below:

	Debt £000s	31 March 2021 Interest Rate	Debt £000s	31 March 2020 Interest Rate
<b>Floating rate borrowings</b>				
Bank loans	8,000	LIBOR and Margin of 2.25%	8,000	LIBOR and Margin of 1.75%

### LIQUIDITY RISK

The Company seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether the Company has enough cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Unused borrowing facilities at the reporting date:

	31 March 2021 £000s	31 March 2020 £000s
Bank loans	12,000	12,000

The following table details the Company's remaining contractual maturity for the Company's non-derivative financial liabilities with agreed maturity periods. The table is presented based on the undiscounted cashflows of the financial liabilities based on the earliest date on which the Company can be required to pay which may differ from the carrying liabilities at the reporting date.

	Less than one year £000s	Between 1 and 2 years £000s	Between 2 and 5 years £000s	Greater than 5 years £000s	Total contractual cashflows £000s	Carrying amount of liabilities £000s
<b>At 31 March 2021</b>						
<b>Non-interest bearing</b>						
Trade and other payables	3,298	618	3,411	6,616	13,943	10,167
<b>Interest bearing</b>						
Bank borrowings	-	8,000	-	-	8,000	7,698
Lease liabilities	194	97	-	-	291	285
<b>Total</b>	<b>3,492</b>	<b>8,715</b>	<b>3,411</b>	<b>6,616</b>	<b>22,234</b>	<b>18,150</b>
	Less than one year £000s	Between 1 and 2 years £000s	Between 2 and 5 years £000s	Greater than 5 years £000s	Total contractual cashflows £000s	Carrying amount of liabilities £000s
<b>At 31 March 2020</b>						
<b>Non-interest bearing</b>						
Trade and other payables	3,230	213	-	-	3,443	3,443
<b>Interest bearing</b>						
Bank borrowings	-	-	8,000	-	8,000	7,526
Lease liabilities	193	97	-	-	290	221
<b>Total</b>	<b>3,423</b>	<b>310</b>	<b>8,000</b>	<b>-</b>	<b>11,733</b>	<b>11,190</b>

For the year ended 31 March 2021

## 28. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

### CAPITAL RISK MANAGEMENT

The Company is both equity and debt funded, and these two elements combine to make up the capital structure of the business. Equity comprises share capital, share premium and retained earnings and is equal to the amount shown as 'Equity' in the balance sheet. Debt comprises bank loans which are set out in further detail above and in note 20 and leases set out in further detail in note 15. The Company initially raised funds through an IPO in December 2018 and has drawn down £8m of a HSBC loan facility in 2020, the total facility is a £20m revolving credit facility with HSBC.

The Company's current objectives when maintaining capital are to:

- Safeguard the Company's ability as a going concern so that it can continue to pursue its growth plans.
- Provide a reasonable expectation of future returns to shareholders.
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

During the year ended 31 March 2021 the Company's strategy remained unchanged.

	31 March 2021 £000s	31 March 2020 £000s
Net debt / (cash)	6,839	(624)
Total equity	38,928	34,922
Net debt to equity ratio	17.6%	(1.8%)

### LOAN COVENANTS:

Under the terms of existing HSBC RCF facility in place during the year ended 31 March 2021, the Company was required to comply with the following financial covenants:

- Interest Cover in respect of any Relevant Period shall not be less than 5.0:1;
- Leverage in respect of any relevant period shall not exceed 2.0:1;
- Asset cover (defined as the ratio of WIP to total net debt) shall not be less than 1.5:1 at any time; and
- In respect of all cases settled in any relevant period, the total realised income shall be greater than 50% of the total maximum unrealised income.

Under the terms of the new £25m RCF facility signed on 22 June 2021 there were the following amendments to the financial covenants:

- Leverage in respect of any relevant period shall not exceed 2.75:1 at 30 September 2021, decreasing to 2.25:1 at 31 December 2021, decreasing to 2.0:1 from 31 March 2022; and
- Asset cover (defined as the ratio of trade debtors to total net debt) shall not be less than 1.5:1 at any time.

The Company has complied with the financial covenants of its borrowing facilities which are assessed on a quarterly basis, during the 2021 and 2020 reporting periods.

### CREDIT RISK AND IMPAIRMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk is the carrying value of its financial assets recognised at the reporting date, as summarised below:

	31 March 2021 £000s	31 March 2020 £000s
Trade and other receivables	18,348	5,897
Total	18,348	5,897

The Company applies the simplified approach in providing for expected credit losses under IFRS 9 which allows the use of the lifetime expected credit loss provision for all trade receivables. In measuring the expected credit losses, trade receivables have been stratified by settlement type and days past due. Expected lifetime expected credit loss rates are based on the payment profiles of sales from January 2019 (post IPO).

The Company attempts to assess the probability of credit losses but seeks to mitigate its credit risk by undertaking rigorous net worth checks before taking on a case. Occasionally, credit defaults do sometimes occur when counterparties default on an agreed settlement, payable by instalments.

There is a concentration risk in relation to the trade receivable of £9.6m in relation to a single case which completed in the year. Repayments to date have been made according to the agreed schedule. The Company does not consider any concentration of risk within either trade or other receivables to be significant. The Company seeks to obtain charging orders over the property of trade receivables as security. The receivables' ageing analysis is also evaluated on a regular basis for potential doubtful debts. It is the directors' opinion that no further provision for doubtful debts is required.

The following table contains an analysis of our total gross trade receivables segmented by settlement type.

	31 March 2021 £000s	31 March 2020 £000s
Settlement agreements	15,739	3,755
Judgements	2,572	1,568
Fully impaired assets	1,919	314
Gross carrying amount after specific provisions	20,230	5,637
Loss allowance	(2,479)	(421)
<b>Trade receivables carrying amount</b>	<b>17,751</b>	<b>5,216</b>

Analysis of trade receivables stratified by settlement type, is as follows:

Past due at 31 March 2021 <sup>1</sup>	Current £000s	0-1 months £000s	1-3 months £000s	3-6 months £000s	6-12 months £000s	> 12 months £000s	Total £000s
<b>Gross receivables</b>							
Settlement agreements	15,378	97	114	51	-	99	15,739
Judgements	3	30	1,198	149	558	634	2,572
Fully impaired assets	101	1	652	27	340	798	1,919
Total	15,482	128	1,964	227	898	1,531	20,230

#### Loss allowance

Settlement agreements	(174)	(10)	(61)	(44)	-	(11)	(300)
Judgements	(0)	(3)	(252)	-	-	(5)	(260)
Specific provisions	(101)	(1)	(652)	(27)	(340)	(798)	(1,919)
Total	(275)	(14)	(965)	(71)	(340)	(814)	(2,479)

#### Expected loss rate %

Settlement agreements	1%	10%	54%	86%	-	12%	2%
Judgements <sup>2</sup>	3%	10%	21%	-	-	1%	10%
Specific provisions	100%	100%	100%	100%	100%	100%	100%
Total	2%	11%	49%	31%	38%	53%	12%

1 Prior to FY21, the Company applied a general provision of £107k based on 2% of gross trade receivables in addition to the specific provision of £314k recognised in FY20.

2 Expected judgement loss rates are shown net of deductions where the Company has secured charging orders over properties owned by debtors.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

## INVESTMENT RISK

Investment risk refers to the risk that the Company's case investments may increase or decrease in value.

Sensitivity analysis has not been included in the financial statements, due to the vast amount of inputs and number of variables which are inherently specific to each case, making it impossible to provide meaningful data. Whilst the Board considers the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuation, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions could require a material adjustment to the carrying amount of the £37.5m of investments disclosed in the balance sheet. However, as an indication we note that a 10% increase/(decrease) in the fair value of our top 20 cases (including Cartel cases) would result in an increase/(decrease) in the fair value investment of +/- £2.13m.

## CURRENCY RISK

The Company is not exposed to any currency risk at present.

For the year ended 31 March 2021

## 29. RELATED PARTY TRANSACTIONS

Director and key management remuneration is disclosed in Note 5.

Dividends of £329,144 were paid to the directors during the year based on their individual shareholdings disclosed in the Remuneration Committee report as follows:

	<b>31 March 2021 £000s</b>	<b>31 March 2020 £000s</b>
Steven Cooklin	<b>327</b>	156
Mark Tavener	<b>-</b>	-
Peter Bertram	<b>0.5</b>	0.3
Lee Manning	<b>0.6</b>	0.3
Stephen Baister	<b>0.9</b>	0.4
Total dividends paid to the directors	<b>329</b>	157

## 30. ULTIMATE CONTROLLING PARTY

The Company has no ultimate controlling party.

## 31. POST BALANCE SHEET EVENTS

We agreed on 22 June 2021 a new £25million Banking Facility with HSBC to support the growth of the business.

This Revolving Credit Facility is for 3 years and has the option to extend for another year together with a further approved but uncommitted £10 million accordion. Details are set out in the CFO report.



## GLOSSARY

## DEFINITIONS &amp; ABBREVIATIONS

## ACA

Associate Chartered Accountant

## ADR

Alternative Dispute Resolution: all dispute resolution procedures other than court proceedings. Common methods of Alternative Dispute Resolution range from less structured approaches such as negotiation and mediation to more formal adjudicated procedures such as expert determination and arbitration. However, where the phrase is used to distinguish between adversarial and non-adversarial dispute resolution procedures, arbitration as well as litigation is not considered a form of Alternative Dispute Resolution.

## AGM

Annual General Meeting

## ATE

After the Event insurance

## CAGR

Compound Annual Growth Rate

## CASE DURATION

The period from assignment of a claim to the point of legal settlement.

## CEO

Chief Executive Officer

## CFA

Conditional Fee Arrangement

## CFO

Chief Financial Officer

## CSOP

The Manolete Partners Plc Company Share Option Plan

## DSO

Days Sales Outstanding

## EPS

Earnings Per Share

## FCA

Fellow Chartered Accountant

## HMRC

Her Majesty's Revenue & Customs

## ICAEW

Institute of Chartered Accountants in England and Wales

## IFRS

International Financial Reporting Standards

## IP

Insolvency Practitioner

## IPA

Insolvency Practitioners Association

## IPO

Initial Public Offering

## IRR

Internal Rate of Return is the discount rate that makes the net present value of a series of cashflows equal to zero. We calculate IRR by looking at the set of completed cases as a whole using actual and estimated cashflows where appropriate.

## ISA

International Standards on Auditing

## KPI

Key Performance Indicator

## LIBOR

London Interbank Offered Rate

## LTIP

Long Term Incentive Plan

## MoM

Money Multiple is the Gross Proceeds less the Insolvent Estate's share of the Net Returns, divided by the sum of the upfront payment to the Insolvent Estate and total legal costs and other expenses of the claim.

## OPERATING PROFIT

Earnings before interest and tax (EBIT)

## RCF

Revolving Credit Facility

## ROI

Return on investment is calculated as the total case profit due to Manolete (net of profit share due to the IP) divided by the total case investment (including initial IP payment and legal costs).

## SONIA

Sterling Overnight Interbank Average Rate

## TEMPORARY MEASURES

Corporate Insolvency and Governance Act 2020

## QCA

The Quoted Companies Alliance Corporate Governance Code 2018.

**DIRECTORS & ADVISERS**

<b>Directors</b>	Peter Bertram Non-Executive Chairman
	Steven Cooklin Chief Executive Officer
	Mark Tavener Chief Financial Officer
	Stephen Baister Non-executive director
	Lee Manning Non-executive director
<b>Company Secretary</b>	Bernadette Young
<b>Registered Office</b>	2-4 Packhorse Road Gerrards Cross Buckinghamshire SL9 7QE
<b>Company number</b>	07660874 (England and Wales)
<b>Nominated adviser and broker</b>	Peel Hunt LLP 100 Liverpool Street London EC2M 2AT
<b>Independent Auditors</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
<b>Solicitors</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Registrars</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
<b>Public relations</b>	Instinctif Partners Limited 65 Gresham Street London EC2V 7NQ
<b>Bankers</b>	HSBC 8 Canada Square Canary Wharf London E14 5HQ
<b>Company Website</b>	<a href="http://www.manolete-partners.com">www.manolete-partners.com</a>

## NOTES







**Head Office**  
21 Gloucester Place  
London  
W1U 8HR

[www.manolete-partners.com](http://www.manolete-partners.com)