23 June 2022

MANOLETE PARTNERS PLC

("Manolete" or the "Company")

Audited results for the year ended 31 March 2022

Manolete (AIM:MANO), the leading UK-listed insolvency litigation financing company, today announces its audited results for the year ended 31 March 2022.

Steven Cooklin, Chief Executive Officer, commented:

"In what was a very challenging year, the Company has delivered a resilient performance demonstrating the robustness of our business model. As we return to more usual trading conditions, I am pleased to report that we are seeing strong growth in new case enquiries.

"The UK Government's response to the Covid-19 pandemic, which included widespread but temporary restrictions on the UK Insolvency and Restructuring Industry, created very challenging trading conditions for the Company. The temporary measures contained in the Corporate Insolvency and Governance Act 2020 (the "Temporary Measures") were enacted in June 2020 and were ended partly on 30 September 2021 and fully by 31 March 2022.

"The emergence of the Omicron variant towards the end of 2021 also had a material, but now steadily passing, impact on the ability of IPs and their lawyers to refer cases onto us. The UK insolvency industry is returning to more normal operating levels.

"The monthly number of UK company insolvencies, particularly CVLs, has now consistently returned to pre-pandemic levels for an extended period. I am pleased to report that this is starting to reflect in the numbers of our monthly new case enquiries. Following a sharp decline in the second half of our financial year ended 31 March 2021, new case enquiries have been rising at an increasingly faster pace. In the latest full month of May 2022, we received 61 new case enquiries, the highest monthly level since July 2020.

"I was delighted that we were able to complete a significant case for £9.5m shortly after the year end. We have received all of our costs and profit share in cash. That has materially enhanced the balance sheet strength of the Company, which helps position us well for the significant opportunities that lie ahead.

"In navigating the difficulties caused by the Temporary Measures, I am pleased with the way the business performed. We have continued to invest in the business and are well placed as we see the return of more usual trading conditions."

Financial (statutory and non-statutory) highlights:

- Realised revenues on completed cases were £15.2m, a decline of 38% (FY21: £24.4m) although FY21 contained an exceptionally large case completion of £9.3m
- 75% of total revenues represented by realised revenues on fully completed cases (FY21: 88%)
- 50% of total gross profit generated from realised, completed cases (FY21: 75%)
- Increase in the valuation of the cartel cases contributed £5.1m to gross profit in FY22 (FY21: £nil).
- EBIT reduced by 28% to £5.3m (FY21: £7.4m) a result of a lower level of new case additions in FY22 and pressure on valuations on existing cases.
- Profit before tax down 36% to £4.5m (FY21: £7.0m)
- Diluted earnings per share down 38% to 8 pence (FY21: 13 pence)
- Gross cash receipts from completed cases were £15.5m, an increase of 28% (FY21: £12.2m).
- The Company's retained share of gross cash receipts from completed cases (after all legal costs and payments to Insolvent Estates) was £8.9m, an increase of 31% (FY21: £6.8m).
- Cash generated from operations (after all completed case costs and all overheads but before new case investments and taxation) was £4.4m (FY21: £2.8m).
- Gross cash of £2.2m and borrowings of £13.5m (FY21: £1.1m and £8.0m) as at 31 March 2022 and £11.5m unutilised funds available on the Revolving Credit Facility with HSBC.
- Proposed final dividend of 0.5 pence per share

Operational highlights:

- New case investments in UK insolvency cases, a decline of 20%: 159 in FY22 (FY21: 198)
- Ongoing delivery of realised returns: 139 case realisations in FY22 (on average 2.7 case realisations per week) with an average duration on those 139 cases of 13 months (135 case completions in prior year)
- ROI of 153% and Money Multiple of 2.5x from 505 completed cases since inception
- Average case duration across the full portfolio of 505 completed cases is 12.1 months
- 11% increase in live cases: 272 in process as at 31 March 2022 (245 as at 31 March 2021)

A copy of the annual report and accounts will be available on the Company's website shortly and will be posted to shareholders in due course.

For further information please contact:

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Chairman's Statement

I am delighted to present my first report as your Chairman. I have long admired the Company and its team and so I was very pleased to join the Board and then be invited to serve as your Chairman.

Introduction

I would first like to pay tribute and thanks to my predecessor Peter Bertram for his wise guidance and counsel as the Company listed and then grew on AIM. I would also like to thank Lee Manning for his years of service on the Board bringing an extensive knowledge of insolvency and business experience. I am also grateful for the welcome afforded me by the Executive Directors and in particular by Stephen Baister whose intricate knowledge of the workings of insolvency has been of invaluable help to me and the rest of the Board. I look forward to welcoming Mena Halton to the Board who will provide an invaluable operational legal insight.

Overview

I am pleased to report that the Company has delivered a resilient performance in an unprecedented year with 159 new case investments in the year to 31 March 2022 (FY21: 198).

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, despite very difficult market circumstances in relation to Government support measures during the covid pandemic, as explained below.

Financial results

Revenues for the year to 31 March 2022 decreased by 27% to £20.4m (FY21: £27.8m) and Profit before Tax was £4.5m compared to £7.0m in the prior year.

There were 139 case completions (FY21: 135) which is a record for the company and these generated gross cash receipts of £15.5m (FY21: £12.2m) and also contributed to a growth in receivables balances to £20.3m (FY21: £18.3m). Gross profit of £10.4m (FY21: £13.4m) was generated by realised cases £5.2m and unrealised gross profit of £5.2m (of which uplift in cartel case valuation, £5.1m).

We have drawn down a total of £13.5m (FY21: £8.0m) of our £25m Banking Facility with HSBC to support the growth of the business. This Revolving Credit Facility is for a further two years to 1 July 2024 and has the option to extend for another year together with a £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 pandemic resulted in the UK Government enacting the Corporate Governance and Insolvency Act 2020 ("temporary measures") to protect employment and businesses which has led to a fall corporate insolvencies. These temporary measures have now ended but naturally this impacted our business particularly in respect of new case generation. However I am confident that with this period behind us the Company is well placed to grow.

Dividend

The Board has reviewed the dividend policy and is recommending a final dividend of 0.5p per share giving a total dividend for the year of 0.89p per share. Subject to the approval of shareholders at the Annual General Meeting on 20 September 2022, the dividend to Ordinary Shareholders will be payable on 6 October 2022 to those shareholders who are on the register of members at 9 September 2022.

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.

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

People

On behalf of the Board and shareholders I would like to thank our team comprised of highly dedicated, extremely knowledgeable and focused staff for their commitment and hard work during a very demanding year.

Board

I am very pleased to welcome Annie Devoy to the Board. As a former PwC partner, she has invaluable experience in the Financial Services sector and with public companies. Her energy and enthusiasm have already made an impact. Our CEO has shown real leadership as we adapted to the temporary covid related legislation, in addition to all the other pressures that every other business faced in the pandemic and I pay tribute to him and Mark Tavener our CFO as we have come through those demanding times in a very strong position.

Outlook

Shortly after the year end we achieved the successful resolution of a case which yielded significant cash receipts therefore substantially strengthening our cash position. Overall, the business is very well-positioned in the insolvency litigation financing market for long-term profitable growth.

Lord Leigh

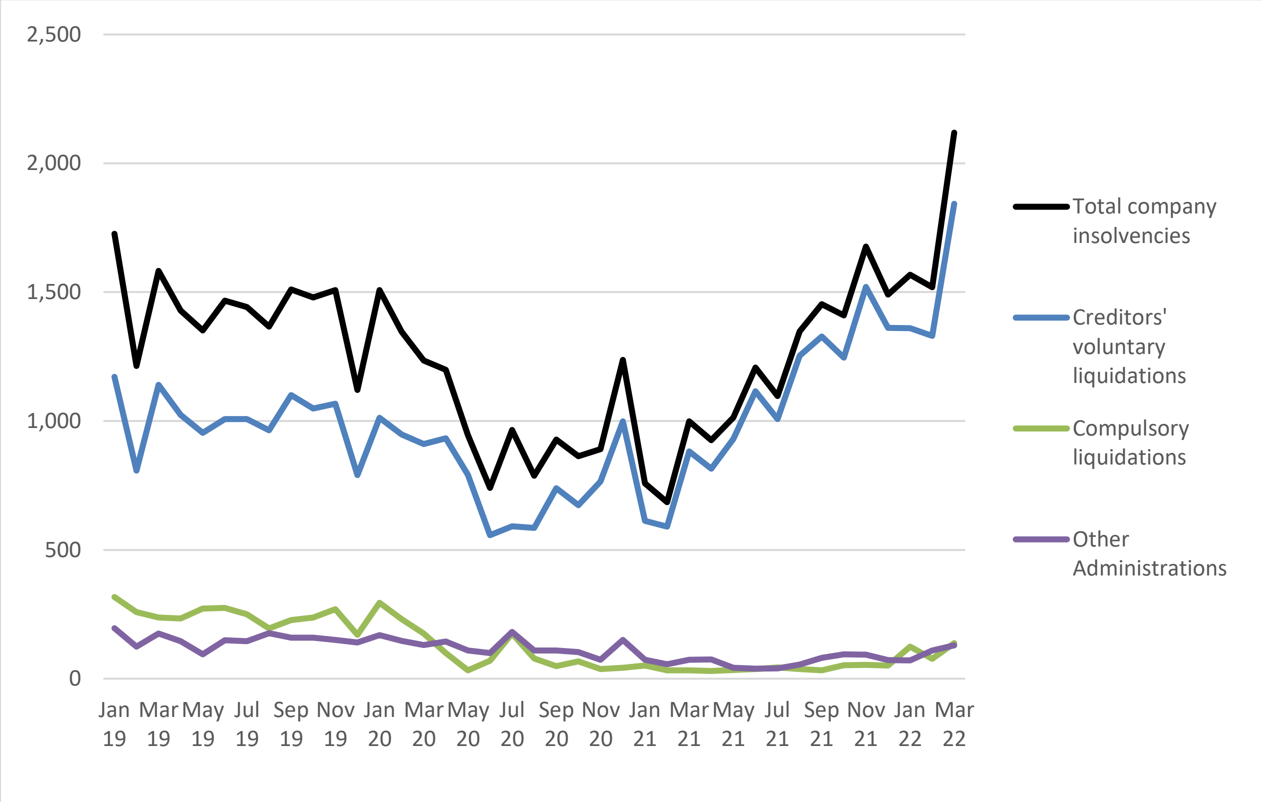
Non-Executive Chairman

CEO's Statement

FY22 presented very challenging trading conditions for the Company. This was largely due to the UK Government's response to the Covid-19 pandemic, which included widespread but temporary restrictions on the UK Insolvency and Restructuring Industry. The temporary measures contained in the Corporate Governance and Insolvency Act 2020 (the "Temporary Measures") were enacted in June 2020 and were ended partly on 30 September 2021 and fully by 31 March 2022 (coincidentally the final day of the Company's FY22 trading period). The emergence of the Omicron variant towards the end of 2021 also had a material, but now steadily passing, impact on the resumption to normality of the UK insolvency industry.

The following graph issued by the Insolvency Service on 22 April 2022, clearly illustrates the impact of these measures on the UK insolvency industry.

Registered Company insolvencies, England and Wales (1 January 2019 to 31 May 2022)



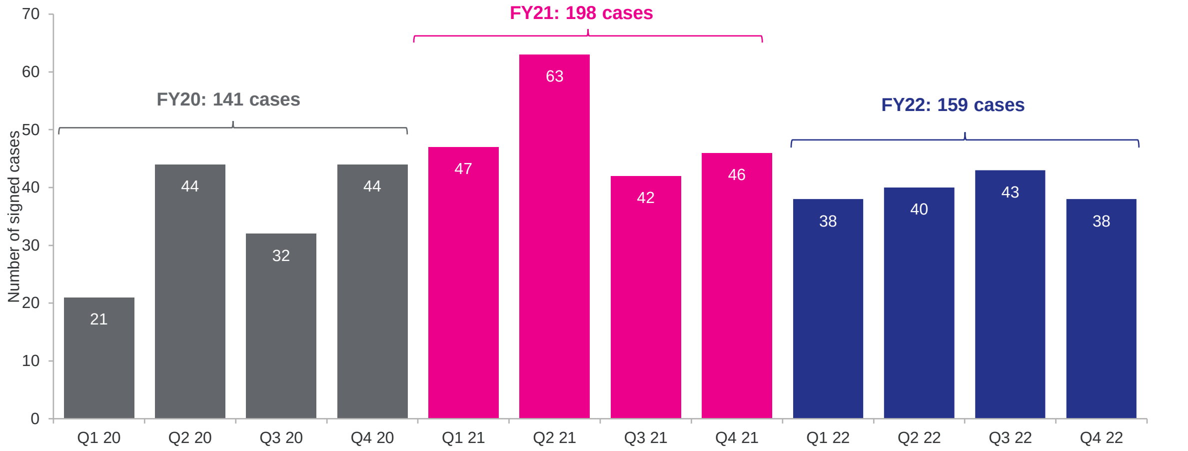
Source: https://www.gov.uk/government/organisations/insolvency-service

Against this extraordinary trading background, the Company delivered a resilient performance for its shareholders for the financial year ended 31 March 2022:

- Invested in 159 new UK insolvency claims, a decrease of 20% (FY21: 198).
- A record number of 139 cases were completed, an increase of 3% (FY21: 135).
- Realised revenues on completed cases were £15.2m, a decline of 38% (FY21: £24.4m) although FY21 contained an exceptionally large case completion of £9.3m.
- Gross cash receipts from completed cases were £15.5m, an increase of 28% (FY21: £12.2m).
- The Company's retained share of gross cash receipts from completed cases (after all legal costs and payments to Insolvent Estates) was £8.9m, an increase of 31% (FY21: £6.8m).
- Cash generated from operations (after all completed case costs and all overheads but before new case investments and taxation) was £4.4m (FY21: £2.8m).
- EBIT reduced by 28% to £5.3m (FY21, £7.4m) a result of a lower level of new case additions in FY22 and pressure on valuations on existing cases.
- Increase in the valuation of the cartel cases contributed £5.1m to gross profit in FY22 (FY21: £nil).

The Company had net debt of £11.1m as at 31 March 2022 which has been reduced to £7.3m on 16th May 2022 following the receipt of cash relating to a large case completion shortly after the year end. This is significantly lower than the £10.3m Net Debt reported in our latest interim results at 30 September 2021 (FY21: £6.9m). The Company has a £35m funding package with HSBC on attractive terms: a Revolving Credit Facility ("RCF") of £25m over an initial three-year period to 1 July 2024, with an option to extend by a further year. The RCF also offers the Company an additional approved but uncommitted £10m accordion, if ever required. Management would require approval from HSBC before gaining access to these additional funds. The interest rate is a maximum 2.9% over SONIA.

New cases signed by quarter



Source: Management accounts

The entire UK insolvency market was artificially suppressed by the UK Government's Temporary Measures, this resulted in a lower level of case enquiries (see my final graph below) and a lower level of new case investments (chart above). As a consequence, the Company experienced continuing muted levels of unrealised revenues (as these occur as new cases are taken on and developed). Despite this our portfolio has marginally increased by a net 27 cases as we still experienced overall growth in cases just at a slower rate of growth.

139 cases were completed during FY22 (FY21: 135) which was a record for the Company – an impressive result by the in-house legal team given the multiple operational challenges presented by Covid-19.

Unrealised revenue (on more recently signed cases) were inevitably adversely impacted by the Temporary Measures as the number of newly signed cases slowed compared to previous years (159 new case additions FY22, 198 new case additions FY21). As at 31 March 2022, the Board has also carefully and diligently 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 relatively low levels of unrealised revenues compared to the pre-pandemic period. While unrealised revenues increased from £3.4m in FY21 to £5.2m in FY22 this was mainly driven by the valuation of the cartel cases (see below for further detail). The impact of the cartel cases on profitability for the year is discussed in further detail in the CFO's report.

Overall, for FY22, 75% of total revenues (FY21: 88%) of £20.4m (FY21: £27.8m) and 50% of total gross profit (FY21: 75%) of £10.4m (FY21: £13.4m) were from realised completed cases. 93% of total revenues derived from purchased cases (FY21: 88%) and only 7% from Funded Cases (FY21: 12%). It is the Company's ability to purchase (and therefore fully control) its legal claims that fundamentally distinguishes it from almost all other litigation funding companies. Of the 159 new cases signed in FY22, 93% were purchased cases and 7% were funded cases. This is in line with the Company's expectations of a continuing greater acceptance of the Company's core business model in the insolvency industry.

Cash generation was very strong throughout FY22, particularly in the second half of FY22 which accounted for 73% of the total gross cash receipts for the year from completed cases. Overall gross cash receipts rose 28% to a record £15.5m for FY22. It should be noted that 47% of those cash receipts came from cases completed in FY22 whereas 41% derived from cases that completed in FY21 the balance of 12% 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 FY22's realised revenues of £15.2m is yet to be reflected in the Company's cash reserves. The £15.5m of cash generated derived from 183 separate cases (FY21: £12.2m from 141 historic cases), which highlights the wide diversity and granularity of the Company's cash income.

Shortly after the FY22 year ended, the Company completed one of its larger cases for £9.5m. At 31 March 2022 the case was held in investments at a gross profit of £2.9m however this actually equated to £2.4m when realised in FY23. The Company's cash receipt was £5.6m. All cash from this case was received in full during May 2022, resulting in a material reduction of the Company's net debt to just £7.3m.

Cartel Cases

There have been material developments relating to the Company's cartel cases in recent months. These continue to progress well and we are now at an important juncture for these cases. The trials of two large truck cartel cases (relating to British Telecom Plc and Royal Mail Plc) have now commenced and there is likely to be significant 'read across' to the Company's 22 cartel cases. The Company has been advised that there is a high likelihood that the judgments on those two leading test cases will be issued during FY23. The Company is due to issue its own claims this summer. While the development of these Cartel Cases had been previously delayed due to the Court's issues relating to Covid-19, the Company made no change to its carrying values of these cases. However, with these important test cases having now commenced and on strong advice from Queens Counsel on the merits of the Company's 22 claims, the Company has now materially increased the carrying value of the cartel cases from £7.1m to £12.2m as at 31 March 2022.

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 as does FY18. FY19 cases are now 95% complete, FY20 77% complete and well over half of the FY21 cases are legally completed. Manolete's model is characterised by short case durations, high ROIs (Return on Investment), exceptional Money Multiples and very high IRRs. The Company calculates 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.

Case	No. of investments	No. completed	% completion	No outstanding	Open case investments	Closed case investments	Total invested	Total recovered	Total gain	IP share	Manolete gain	Duration completed cases	ROI	MoM	IRR
Vintage	**No**	**No**	**% total**	**No**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**Months**	**%**	**%**	**%**
2010	3	3	100%	0	0	52	52	28	(24)	10	(35)	7.0m	(67%)	.3x	0%
2011	0	0	-	0	0	0	0	0	0	0	0	0.0m	0%	.0x	0%
2012	8	8	100%	0	0	763	763	2,524	1,761	580	1,181	18.0m	155%	2.5x	258%
2013	10	10	100%	0	0	174	174	780	606	316	290	7.1m	166%	2.7x	147%
2014	42	42	100%	0	0	594	594	3,884	3,290	2,427	863	10.0m	145%	2.5x	455%
2015	39	39	100%	0	0	1,404	1,404	7,029	5,625	3,290	2,336	12.8m	166%	2.7x	502%
2016	36	36	100%	0	0	1,936	1,936	9,393	7,458	4,164	3,293	15.0m	170%	2.7x	180%
2017	31	30	97%	1	339	1,101	1,440	4,269	3,167	1,905	1,263	12.2m	115%	2.1x	554%
2018	29	28	97%	1	2,153	1,808	3,962	14,808	13,000	9,117	3,883	15.4m	215%	3.1x	483%
2019	59	56	95%	3	203	2,418	2,621	13,987	11,569	6,572	4,997	15.9m	207%	3.1x	122%
2020	141	111	79%	30	1,901	4,402	6,303	14,015	9,613	5,573	4,041	12.9m	92%	1.9x	148%
2021	198	112	57%	86	3,222	2,631	5,854	11,354	8,723	4,573	4,150	8.5m	158%	2.6x	292%
2022	159	30	19%	129	1,244	490	496	2,017	1,552	705	877	5.2m	179%	2.8x	1603%
Total (exc. Cartel cases)	**755**	**505**	**66.9%**	**250**	**9,063**	**17,774**	**25,598**	**84,087**	**66,338**	**39,230**	**27,137**	**12.1m**	**153%**	**2.5x**	**132%**

(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.

The more mature later vintages of FY18, FY19 and FY20 all have total case recoveries of well over £10m per year and IRRs ranging from 122% to 483%. Recoveries for cases that commenced in FY21 total £11.3m with an IRR of 292%.

Industry Recognition

In December 2021, Manolete was voted *Insolvency Litigation Funder of the Year* for the fifth time in the last six years at the industry's *Turnaround Recovery and Insolvency Awards*. During the year, the Company was named as the only company in the insolvency litigation funding section to be ranked in Band 1 of the legal industry's prestigious *Chambers Guide*. The Band 1 ranking is a great testament to the tremendous work of all the Company's employees.

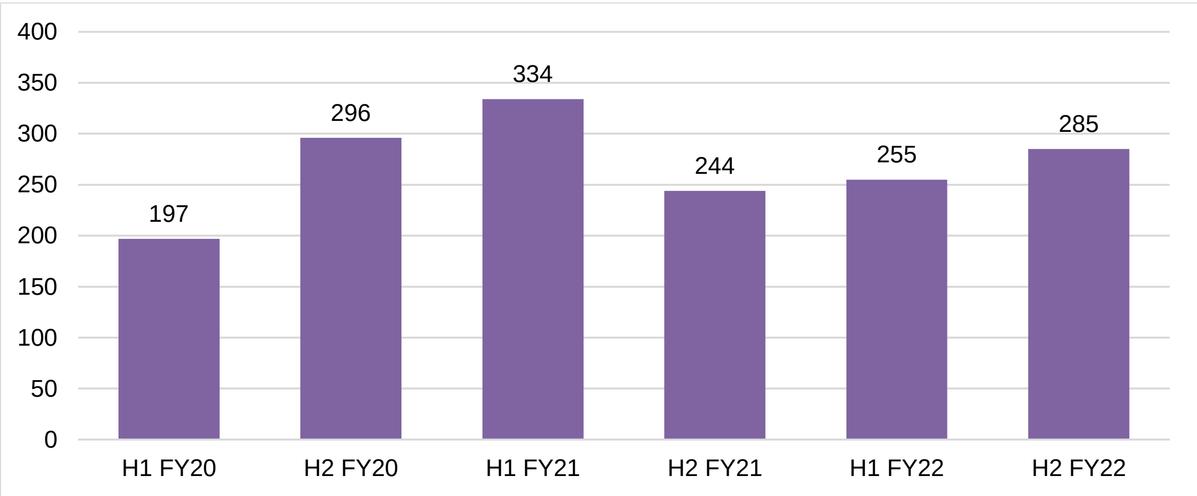
COVID-19 Impact and Current Trading

The Board remains focused on the health, safety and well-being of all colleagues. Throughout the Covid-19 pandemic period, we operated without interruption and none of our people were placed on furlough. Colleagues adapted well to remote working during lockdown periods and previous investments in our IT and operating infrastructure have proven to be invaluable.

At the time of writing, the UK continues to emerge well from the Covid-19 pandemic. As many commentators have noted, now that the Temporary Measures and the wider UK Government economic support measures have ended, 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 were in force. This is likely to be exacerbated in a period of sustained inflation and the likely commensurate increase in interest rates and supply chain pressures.

After a sharp decline caused by the Temporary Measures, new case enquiries have recovered strongly. The last few weeks of FY22 were particularly robust and that increase has persisted into FY23, with May 2022 recording our highest level of new case enquiries since July 2020 (the month following the start of the Government's restrictions on the UK insolvency market).

New cases enquiries per half year



Board appointment, People and Stakeholders

I am delighted to announce that, effective 24rd June 2022, Mena Halton will be joining the Manolete Board of Directors, in an executive capacity, as our Managing Director, continuing to report to myself as CEO. Mena has been with the Company since 2014 and has been our 'Head of Legal' for many years. She has reviewed, managed and completed literally hundreds of cases for the Company, delivering outstanding returns for our shareholders.

Since Manolete's IPO in December 2018, she has built out our outstanding specialist in-house insolvency litigation financing team that has attracted many of the best-of breed-lawyers from the UK insolvency legal market. Mena manages that team on a daily basis and ensures us deep coverage of every important insolvency market in England, Wales and Scotland.

Alongside Manolete's recognition as the only top ranked Insolvency Litigation Funder by the Chambers Guide, Mena has also been recognised for litigation funding in the Chambers Litigation Support Guide for 2019, 2020 and 2021. Mena was recently included in The Lawyer Hot 100 and also in Who's Who Legal: Thought Leaders – Third Party Funding for 2020 and 2021.

We warmly welcome Mena to the Board of Directors, she will continue to be a tremendous asset to this Company.

I am very grateful to our in-house legal team and the finance and Net Worth Support teams. Against a very challenging operating environment, they have performed extremely well for the Company. Anticipating an imminent and sustained material increased level of business activity, two more expert UK insolvency litigators were added to the in-house legal team at the start of this calendar year. Others are likely to be added as the level of insolvencies increase but the Company already has substantial capacity to materially increase the numbers of cases it manages.

The Company is in excellent shape and well positioned to benefit from a likely strongly elevated level of increased activity as the year progresses.

Steven Cooklin
Chief Executive Officer
23 June 2022

CFO's Statement

I am pleased to give my review of the Company's audited results for the year to 31 March 2022.

Financial overview:	**31 March 2022**	**31 March 2021**	**YoY**
Financial KPIs	**£000s**	**£000s**	**%**
Revenue	20,443	27,832	(27%)
Gross profit	10,381	13,412	(23%)
Gross margin %	50.8%	48.2%	
EBIT	5,304	7,398	(28%)
EBIT %	26%	27%	
Profit after tax	3,678	5,700	(35%)
Investment valuation	45,718	37,508	22%
Non-financial KPIs			
New cases	*159*	*198*	
*Completed cases**	*139*	*135*	
*Live cases at year end**	*272*	*245*	

**including partially 7 completed cases & 22 cartel cases in FY22 (7 partial completions and 22 cartel cases in FY21).*

This financial year, FY22, has taken place against a difficult trading environment with the UK Government restrictions on the insolvency industry and widespread UK Government support across the UK economy, resulting in significantly fewer insolvencies in the market and therefore resulting in fewer new cases for Manolete to sign. The Company has signed 159 new cases in FY22 (FY21: 198). This had a direct impact on our financial results resulting in revenue of £20.4m (27% below prior year) and EBIT of £5.3m (28% below prior year).

Despite the lower level of new cases, the Company continued to complete a high level of existing cases. A record 139 cases were completed (FY21: 135 cases) converting historical unrealised gains into realised revenue and profit.

In making comparisons to FY21 results, we note that FY21 included the completion of a single large case which accounted for revenue of £9.3m and gross profit of £2.8m alone. If you exclude the large case from prior year, the comparison to FY22 is similar (see table overleaf).

Revenue	**31 March 2022**		**31 March 2021**	
	£000s	**%**	**£000s**	**%**
Realised revenue	15,243	75	24,427	88
Unrealised revenue	5,200	25	3,405	12
Revenue	20,443		27,832	

Due to the effect of the UK Government's Covid-19 business support measures causing a short-term drag on new cases, the Company's total revenues have decreased by 27% to £20.4m (FY21: £27.8m). These revenues can be classified into realised revenue £15.2m (FY21: £24.4m) and unrealised revenue £5.2m (FY21: £3.4m).

Realised revenue decreased by 38% to £15.2m (FY21: £24.4m) mainly driven by a single significant case completed in FY21 included within realised revenue at a discounted rate at £9.3m. If we 'normalise' the prior year realised revenue by removing the large case completion, this results in a prior year realised revenue of £15.1m against FY22 of £15.2m. This is a more understandable comparison and is consistent with the number of case completions in FY22 of 139 (FY21: 135).

	31 March 2021 as stated	Impact of large case	31 March 2021 excluding large case	FY22	Variance
	£000s	**£000s**	**£000s**	**£000s**	**%**
Realised revenue	24,421	9,315	15,106	15,244	0.9
Gross profit	13,412	2,819	10,593	10,381	(2.0)

The increase in unrealised revenue to £5.2m FY22 (FY21: £3.4m) is almost entirely due to the increase in valuation of the cartel cases which have now reached the stage in the legal process that they are due to be served in the coming months (see CEO Report). Prior year unrealised revenue of £3.4m related solely to non-cartel cases. The remainder of the portfolio was impacted by the temporary slow-down in the insolvency market which reduced new case additions to 159 (FY21: 198) and the Board's fair value estimate reflecting difficult market conditions caused by the pandemic across ongoing live cases. Note 13 of the accounts provides a breakdown on the fair value movement.

We note in the table below the impact that the increase in cartel valuations has had on our gross profit for the year.

Gross profit

A key driver of our profitability in FY22 was the revaluation of the cartel cases by £5.1m, which have now reached a stage of being 'ready to serve'. The key reason for this increase is the expansion of the valuation to include all 22 cartel cases that are held. We classified our 22 cartel cases into three tiers and attributed a different discount risk factor against the valuation of each tier, with the lowest risk cases being attributed with the highest value. I have set out the components of gross profit in the table below. Without the uplift in cartel cases, it should be noted that performance would have resulted in only a marginally positive EBIT profit.

	£'m
Realised gross profit	5.2
Unrealised gross profit – cartel cases	5.1
Unrealised gross profit – other	0.1
Gross profit	10.4

Administrative expenses

	31 March 2022	31 March 2021	YoY growth
	£000s	**£000s**	**%**
Salaries and wages	3,519	3,486	1%
Bad debt expense	321	1,366	(76%)
Professional fees	479	533	(10%)
Marketing	222	168	32%
Other costs, including office costs	536	461	16%
Administrative costs	5,077	6,014	(16%)

Administrative expenses decreased by 16% to £5.0m (FY21: £6.0m) but increased as a proportion of gross revenue from 22% FY21 to 25% FY22. The decrease in administration expenses was primarily a result of a decrease in bad debt expense to £0.3m (FY21: £1.4m). In the prior year, we significantly increased provisioning and wrote off a number of older balances, there have been no such equivalent items this year. Professional fee expenses of £0.5m (FY21: £0.5m) have been well managed and consist of mostly recurring items such as audit, tax, PR services.

Marketing costs at £0.2m (FY21: £0.2m) remain low while it is expected these costs will increase in the coming months as marketing activity is increased.

Operating profit (Earnings Before Interest and Tax)

Operating profit decreased by 28% to £5.3m (FY21: £7.4m) with the operating margin staying fairly consistent at 26% (FY21: 27%). There were no exceptional items in FY22 or in FY21.

Finance costs

The Company extended its debt facility with HSBC in June 2021 to £25m (previously £20m) to facilitate the expected 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 2022, £13.5m of the £25m HSBC facility has been drawn down (FY21: £8.0m).

Profit before tax

Profit before tax has decreased by 34% to £4.5m (FY21: £7.0m). The Company's pre-tax profit margin has decreased from 25% to 23% in FY22.

Taxation

The Company's effective tax rate is 19%. The Company will discharge its corporation tax liabilities over the next few months.

Profit after tax

Profit after tax has decreased by 35% to £3.7m (FY21: £5.7m). The post-tax margin has decreased marginally from 20% to 18%.

Earnings per share

As disclosed in Note 12, earnings per share decreased by 31% from 13.0 pence to 8.0 pence.

Balance sheet – Investment in Cases

The Company was managing 272 live case investments as at 31 March 2022, compared to 245 live cases as at 31 March 2021, a net increase of 27 cases, or 11%. The total investment in cases amounted to £45.7m as at 31 March 2022 an increase of 22% (FY21: £37.5m). This includes the investment in the cartel cases as at 31 March 2022 of £12.2m, an increase from £7.1m FY21, 72%. Investment in cases is 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, such as salaries, these are fully expensed to the Statement of Comprehensive Income as incurred.

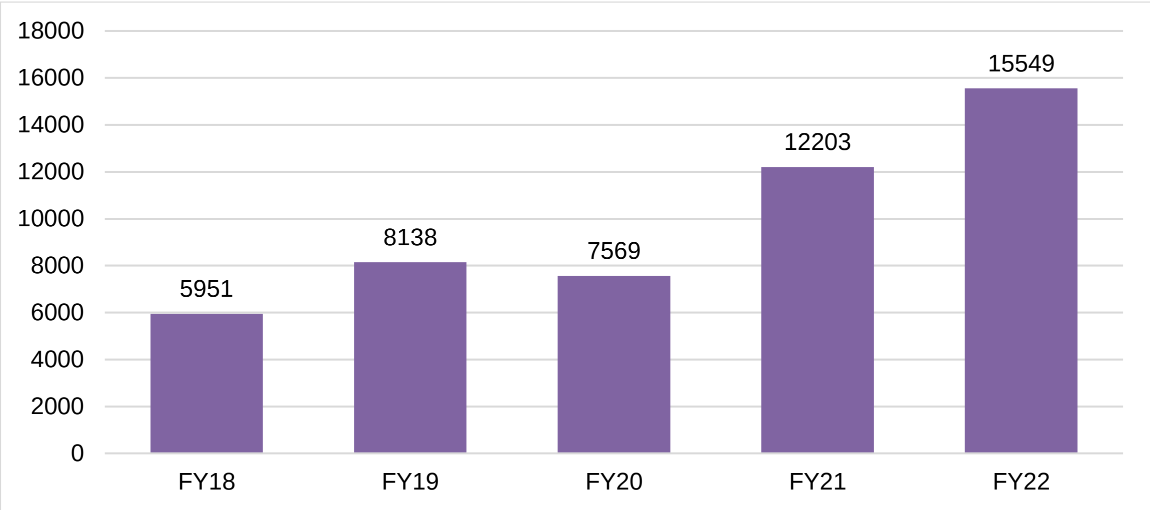
Cashflow	**31 March 2022**	**31 March 2021**
	£000s	**£000s**
Gross cash receipts	15,549	12,203
IP share & legal costs on completed cases	(6,632)	(5,376)
Cashflows from completed cases	**8,917**	**6,827**
Overheads	(4,499)	(4,040)
Net cash generated from operations before investment in cases and corporation tax	**4,418**	**2,787**
Corporation tax	(833)	(1,923)
Net cash generated from operations after corporation tax and before investment in new cases	**3,585**	**864**
Investment in cases	(6,470)	(5,887)
Net cash used in operations	**(2,885)**	**(5,023)**
% growth in case cash investments	*10%*	*44%*

Gross cash receipts

Gross cash receipts continue to increase year on year, to £15.5m in FY22 (FY21: £12.2m) by 28% and importantly, cash generated from operations before investment in cases and corporation tax has increased from a cash inflow of £2.8m in FY21 to a cash inflow of £4.4m in FY22 which has been reinvested in the portfolio. Furthermore, net cash generated prior to investment in cases (new and existing) was £3.6m FY22 compared to £0.9m FY21. The increase in cash generation at this level demonstrates further progress towards becoming self-funding in case investment. Cash receipts are being generated both from payment schedules of prior year completions as well as from current year case completions.

The graph below shows the growth in gross cash generation (included both IP share and Manolete share of cash receipts) year on year. As the business matures its ability to generate cash and ultimately become self-funding is a key characteristic.

Gross cash receipts (£'000) – 5 Year CAGR: 27.1%



Overheads & Corporation Tax

Excluding non-cash items (including bad debt expense), cash incurred on overheads has increased from £4.0m FY21 to £4.5m FY22 principally as result of payment of last year's bonus to staff.

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 FY22, the Company generated unrealised profits of £5.2m (FY21: £3.4m) of which corporation tax is payable at 19% totalling £1.0m (FY21: £0.6m).

Investment in cases

We have continued to invest in existing and new cases with total capital of £6.5m deployed during FY22 compared with £5.9m in FY21 which has been funded through cash receipts from completed cases and our HSBC loan facility.

Working Capital

Absorption of £1.9m into working capital during FY22 is primarily due to increased trade receivables. This increase in net trade receivables will generate cash in FY23. Debtor days on a countback basis increased from 202 in FY21 to 335 in FY22 due to longer repayment schedules being agreed with defendants in order to recover cash settlements in a more challenging economic environment while avoiding bankruptcy of defendants.

Net working capital	**31 March 2022 £000s**	**31 March 2021 £000s**
Net working capital	10,158	8,208
Change in net working capital	(1,950)	(6,262)
DSO (Days sales outstanding) basic	*507*	*265*
DSO countback	*335*	*202*

Post year-end large case completion

Furthermore, we are able to report the completion in April 2022 (post year-end) of a large individual case which generated gross profit of £2.4m. Cash proceeds (includes reimbursement of our costs) of £5.6m was collected in May 2022 and will greatly decrease Net debt.

Debt Financing

The Company has drawn down £13.5m of its £25m HSBC loan facility and has continued to deploy loan capital to finance investment in cases. The Company held cash reserves of £2.3m as at 31 March 2022 which are available to both respond to any uncertainty over the Covid-19 pandemic and to deploy on new case investment. The Company has complied with its financial covenants during the year. The Company has agreed an amendment of the leverage covenant for two quarters to avoid any short-term breach prior to receipt of the cash funds from the large case completion in April 2022.

Mark Tavener
Chief Financial Officer
23 June 2022

Strategic Report

The Directors present their strategic report for the year ended 31 March 2022.

Strategy and Business Model

The Company's strategy for growth and its business model are described in detail on the Company's website, www.manolete-partners.com and at the start of this report.

In the FY22 Annual Report, 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 to materially reduce the number of insolvencies and bankruptcies during the Covid-19 pandemic, the financial statements for the year ended 31 March 2022 represent a very satisfactory out-turn for the business. Year-on-year revenues decreased by 27%, driven by a 38% decrease in realised revenues (FY21 benefitted from an exceptionally high single case realisation of £9.3m), Operating Profit declined by 28% to £5.3m and net assets grew 8% to £42.2m.

The number of employees was 22 at the end of the financial year.

The business has grown marginally despite the difficult trading conditions, at the financial year-end the cumulative number of signed litigation investments has grown to 777 cases, with a record 272 live, in-progress cases at as 31 March 2022.

Financial KPIs	**Year Ended 31 March 2022 £000s**	**Year Ended 31 March 2021 £000s**	**% change**
Revenue	20,443	27,832	(27%)
Gross profit	10,381	13,412	(23%)
Operating profit	5,304	7,398	(28%)
Profit after tax	3,678	5,668	(35%)
Value of investments	45,718	37,508	22%
Non-financial KPIs			
Number of signed litigation investments	777	618	26%
Live cases at end of reporting period	272	245	11%
New cases	159	198	(20%)
Completed cases	139	135	3%

The movements in key performance indicators is analysed in the Report of the Chief Executive Officer and the Report of the Chief Financial Officer.

Outlook and Current Trading

We are confident we have invested in a portfolio of cases that will produce attractive returns for the Company. The Government measures to suppress UK insolvencies have now ended as have the wider UK economic support measures, which give us confidence in our future prospects. Many respected market commentators are predicting a sustained period of elevated insolvency figures in the UK.

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 £10m accordion on attractive terms with HSBC provides the Company with substantial finance going forward.

We believe the business is very well-positioned to consolidate its leadership position in the insolvency litigation financing market. Since the start of the 2022 calendar year, the Company has added two additional members to its in-house legal team, in anticipation of an increased level of new case enquiries.

The Company has made a good start to FY23 and we look forward to a promising future.

On behalf of the Board:

Steven Cooklin

Chief Executive Officer

23 June 2022

Statement of Comprehensive Income

	Note	31 March 2022 £'000s	31 March 2021 £'000s
Revenue	4	20,443	27,832
Cost of sales		(10,062)	(14,420)
Gross profit		**10,381**	**13,412**
Administrative expenses	8	(5,077)	(6,014)
Operating profit	6	**5,304**	**7,398**
Finance income	9	-	50
Finance expense	9	(796)	(457)
Profit before tax		**4,508**	**6,991**
Taxation	11	(830)	(1,291)
Profit and total comprehensive income for the year attributable to the equity owners of the company		**3,678**	**5,700**
Earnings per share			
Basic (pence per share)	12	£0.08	£0.13
Diluted (pence per share)	12	£0.08	£0.13

The above results were derived from continuing operations.

The notes at the end of this announcement form part of these financial statements.

Statement of Financial Position

Company Number: 07660874

	Note	31 March 2022 £'000s	31 March 2021 £'000s
Non-current assets			
Investments	13	12,198	7,136
Intangible assets	14	13	35
Trade and other receivables	16	11,086	10,660
Deferred tax asset	19	95	121
Right-of-use asset	15	86	257
Total non-current assets		23,478	18,209
Current assets			
Investments	13	33,520	30,372
Trade and other receivables	16	9,189	7,688
Cash and cash equivalents	17	2,256	1,144
Total current assets		44,965	39,204
Total assets		**68,443**	**57,413**

EQUITY AND LIABILITIES			
Equity			
Share capital	21	175	174
Share premium	22	142	4
Share based payment reserve	22	429	349
Special reserve	22	5	178
Retained earnings	22	41,468	38,223
Total equity attributable to the equity owners of the company		42,219	38,928
Non-current liabilities			
Trade and other payables	18	6,853	6,602
Borrowings	20	13,285	7,698
Lease liability	15/20	-	96
Total non-current liabilities		**20,138**	**14,396**
Current liabilities			
Trade and other payables	18	5,594	3,565
Current tax liabilities	11	396	335
Lease liability	15/20	96	189
Total current liabilities		6,086	4,089
Total liabilities		26,224	18,485
Total equity and liabilities		**68,443**	**57,413**

The notes at the end of this announcement form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23 June 2022.

Steven Cooklin
Chief Executive Officer

Statement of Changes in Equity

	Share Capital £'000s	Share Premium £'000s	Share based reserve £'000s	Special reserve £'000s	Retained Earnings £'000s	Total Equity* £'000s
As at 1 April 2020	**174**	**4**	**226**	**905**	**33,613**	**34,922**
Comprehensive income						
Profit for the year	-	-	-	-	5,700	5,700
Transactions with owners						
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
As at 31 March 2021	**174**	**4**	**349**	**178**	**38,223**	**38,928**
Comprehensive income						
Profit for the year	**-**	**-**	-	-	3,678	3,678
Transactions with owners						
Dividends	-	-	-	-	(606)	(606)
Transfer in relation to creditors paid	-	-	-	(173)	173	-
Share based payment expense	-	-	169	-	-	169
Share based payment exercised	1	138	(138)	-	-	1
Deferred tax on share-based payments	-	-	49	-	-	49
As at 31 March 2022	**175**	**142**	**429**	**5**	**41,468**	**42,219**

*attributable to the equity owners of the Company.

The notes at the end of this announcement form part of these financial statements.

Statement of Cash Flows

	Note	31 March 2022 £'000s	31 March 2021 £'000s
Profit before tax		4,508	6,991
Adjustments for other operating items:			
Repayment of borrowings	16	-	581
Adjustments for non-cash items:	26	(444)	1,477
Operating cashflows before movements in working capital		**4,064**	9,049
Changes in working capital:			
Net increase in trade and other receivables		(1,926)	(12,952)
Net increase in trade and other payables		2,280	6,690
Net cash generated from operations before corporation tax and investments		**4,418**	2,787
Corporation tax paid		(833)	(1,923)
Investment in cases	13	(6,470)	(5,887)
Net cash used in operating activities		**(2,885)**	**(5,023)**
Cash flows from investing activities			
Finance income received	9	-	6
Net cash generated from investing activities		-	**6**
Cash flows from financing activities			
Proceeds from borrowings	20	5,500	-
Dividends paid	10	(606)	(1,817)
Interest paid		(703)	(240)
Payment of finance leases	15	(194)	(153)
Net cash generated from/ (used) in financing activities		**3,997**	**(2,210)**
Net increase/(decrease) in cash and cash equivalents		1,112	**(7,227)**
Cash and cash equivalents at the beginning of the year		1,144	8,371
Cash and cash equivalents at the end of the year		**2,256**	**1,144**

The notes at the end of this announcement form part of these financial statements.

Notes forming part of the Financial Statements

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

The preliminary announcement does not constitute statutory financial statements for the years ended 31 March 2022 and 31 March 2021.

The financial information for the year ended 31 March 2022 has been extracted from the Company's audited financial statements which were approved by the Board of Directors on 22 June 2022 and, which will be dispatched to the shareholders and delivered to the Registrar of Companies for England and Wales. The report of the auditor on the 31 March 2022 received an audit report which was unqualified and did not include any reference to matters to which the auditors drew attention by way of emphasis without qualifying their report or a statement under section 498(2) or section 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 March 2021 have been delivered to the Registrar of Companies. The Auditor has reported on those accounts; their report was unqualified and did not contain a statement under Section 498 (2) or Section 498(3) of the Companies Act 2006.

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 UK adopted International Accounting Standards 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.

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 12 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 observe that following the removal of Government support in recent months, the number of insolvencies and related litigation cases has started to increase.

On an operational basis, the business was 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 continued 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. 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.

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 Group 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, IFRS 16 Leases, and IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group 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 finite 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 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 assets. 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 payment 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 credit loss rates are based on payment profiles of completed cases 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 receivables 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 supports 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 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.

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.

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. In June 2021, a new £25m loan facility was set up and related arrangement fees were capitalised and amortised over the length of this new agreement, initially 3 years. All arrangement fees relating to the previous loan were fully written off in FY21.

These capitalised costs of £215,959 as at 31 March 2022 (31 March 2021: £301,598) have been netted off against borrowings in the Statement of Financial Position.

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 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.

2.15 Share-based payments

Equity-settled and cash-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.

2.16 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, 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 UK adopted International Accounting Standards 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 the Statement of Comprehensive Income. 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.

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;

• At reporting period ends, a sample of open case investments 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 274 open cases, of these 215 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 59 cases make up £29.7m 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 fact 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 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 risk within trade 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 505 cases completed to date have been settled. When it becomes clear a case will progress all the way to trial then 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 confirmed 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 typically recover in full, 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 £45.7m 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 would result in an increase/(decrease) in the fair value investment of +/- £2.31m."

Approach to cartel case valuation:

In reaching a valuation for our cartel cases, we undertook a specific and detailed review process, as follows: we attributed each of our 22 cartel cases into 3 tiers relating to the level of data and evidence held in respect of these cases. In conjunction with an external valuation report from Collyer Bristow and an external opinion of legal prospects from a QC, we applied a discount to the valuation provided by Collyer Bristow, with the lower discount for the tier 1 cases (those with the most data) and higher discount for the tier 3 cases (those with the lower level of data).

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 COIVD-19 pandemic and it's 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 occur when counterparties default on an agreed settlement payable by instalments.

There is a concentration risk in relation to the trade receivable of £8.0m which relates to a large case completion in FY21. Repayments to date have been made according to the agreed schedule. Based on Managements 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 2022, 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 include 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 2022 £000s	31 March 2021 £000s
Net realised gains on investments in cases	15,243	24,427
Fair value movements (net of transfers to realisations)	5,200	3,405

	31 March 2022	31 March 2021
	20,443	27,832

	31 March 2022 £000s	31 March 2021 £000s
Arising from:		
Purchased cases	18,955	24,486
Funded cases	1,488	3,346
	20,443	27,832

5. Directors and employees

Staff costs for the Company during the year:

Staff costs (including directors):	**31 March 2022 £000s**	**31 March 2021 £000s**
Wages and salaries	2,814	2,886
Social security costs	390	335
Other pension costs and benefits	314	265
Total staff costs	3,518	3,486

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

	31 March 2022 No.	**31 March 2021 No.**
Directors (executive and non-executive)	5	5
Management and administration	17	16
Average headcount	22	21

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

Directors' emoluments:	**31 March 2022 £000s**	**31 March 2021 £000s**
Salaries and fees	1,042	865
Other pension costs and benefits	16	20
	1,058	885

Director's remuneration is detailed in the Remuneration report.

	31 March 2022 £000s	**31 March 2021 £000s**
Highest paid director:		
Salaries and fees	514	404
Other pension costs and benefits	7	10
	521	414

Management consider the directors to be the key management personnel.

6. Operating profit

Is stated after charging/(crediting):

	31 March 2022 £000s	31 March 2021 £000s
Bad debt expenses	321	1,366
Share based payments	169	122
Depreciation of right of use asset	171	140
Amortisation of intangible assets	22	21

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 2022 £000s	31 March 2021 £000s
Fee payable to Company's auditor and its associates for the statutory audit of the Company's financial statements	80	65
Fees payable to Company's auditor and its associates for other services:		
Interim agreed upon procedures	10	9
Total	90	74

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 2022 £000s	31 March 2021 £000s
Staff Costs, including pension and healthcare costs	3,519	3,486
Bad debts including expected credit losses	321	1,366
Professional fees	479	533
Marketing costs	222	168
Other costs, including office costs	536	461
Total administrative expenses	5,077	6,014

9. Finance income and finance expense

	31 March 2022 £000s	31 March 2021 £000s
Bank interest	-	6
Other loan interest	-	44
Total finance income	-	50

	31 March 2022 £000s	31 March 2021 £000s
Lease liability interest	6	48
Other loan interest	142	218
Bank loan charges	648	191
Total finance expense	796	457

10. Dividends

Dividends paid during the financial year were as follows.

Declared during the year	31 March 2022 £000s	31 March 2021 £000s
Final dividend for the year ended 31 March 2021 of 1.00p per share, paid in October 2021 (September 2020: 3.00p)	436	1,307
Interim dividend for the year ended 31 March 2022, of 0.39p per share, paid in January 2022 (December 2020: 1.17p)	170	510
Total dividends paid during FY22	606	1,817
Proposed after the end of year and not recognised as a liability		
Final dividend for the year ended 31 March 2022: 0.5p per share (31 March 2021: 1.00p per share)	218	436

11. Taxation

Analysis of charge in year	31 March 2022 £000s	31 March 2021 £000s
Current tax charge on profits for the year	850	1,353
Adjustments in respect of prior periods	2	(99)
Income tax charge	852	1,254
Deferred tax	(22)	37
Total tax charge	830	1,291

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19%. (2021: 19%). The differences are explained below.

	31 March 2022 £000s	31 March 2021 £000s
Profit on ordinary activities before tax	4,508	6,991
Profit on ordinary activities multiplied by the rate of corporation tax in the UK as above	857	1,328
Effects of:		
Expenses not deductible	39	24
Other differences	(45)	-
Adjustments to current tax in respect of previous periods	2	(99)
Deferred tax charged directly to equity	(49)	1
Temporary differences not recognised in the computation	26	37
Total taxation charge	830	1,291

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 2022 £000s	**31 March 2021 £000s**
Profit for the period attributable to equity holders of the Company	3,678	5,700
Weighted average number of ordinary shares	43,601,037	43,571,425
Earnings per share	0.08	0.13

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

	31 March 2022 £000s	**31 March 2021 £000s**
Profit for the period attributable to equity holders of the Company	3,678	5,700
Diluted weighted average number of ordinary shares	44,907,949	44,544,718
Diluted earnings per share	0.08	0.13

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

	31 March 2022 £000s	**31 March 2021 £000s**
Weighted average number of shares for Basic Earnings Per Share	43,601,037	43,571,425
Adjustments for calculation of Diluted Earnings Per Share:		
Options over ordinary shares	1,306,912	973,293
Weighted average number of shares for Diluted Earnings Per Share	44,907,949	44,544,718

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 on accounting estimates).

	31 March 2022 £000s	**31 March 2021 £000s**
As at 1 April 2021	37,508	32,415
Prepaid cost additions	6,470	5,887
Realised prepaid costs	(3,460)	(4,199)
Fair value movement (net of transfers to realisations)	5,200	3,405
As at 31 March 2022	45,718	37,508

	31 March 2022 £000s	**31 March 2021 £000s**

Current	33,520	30,372
Non-current	12,198	7,136
As at 31 March 2022	45,718	37,508

Analysis of fair value movements

	31 March 2022 £000s	**31 March 2021 £000s**
New case investments	7,370	12,398
Increase in existing case fair value	956	1,865
Decrease in existing case fair value	(3,693)	(1,356)
Case completions	(4,539)	(9,502)
Increase in fair value of cartel cases	5,106	-
Fair value movement (net of transfers to realisations)	5,200	3,405

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.

Website development costs	**31 March 2022 £000s**	**31 March 2021 £000s**
As at 1 April 2021	35	56
Amortisation charge	(22)	(21)
As at 31 March 2022	13	35

15. Right of use asset

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

	31 March 2022 £000s	**31 March 2021 £000s**
As at 1 April 2021	257	221
Additions	-	176
Depreciation	(171)	(140)
As at 31 March 2022	86	257
Current	86	-
Non-current	-	257
As at 31 March 2022	86	257

Lease liability	**31 March 2022 £000s**	**31 March 2021 £000s**
Current	96	189
Non-current	-	96

As at 31 March 2022	96	285

The incremental borrowing rate used in the calculation of the lease liability was 3% (FY21: 3%). The maturity analysis of the finance lease liability is included in note 27.

Amounts recognised in the Statement of Comprehensive Income	**31 March 2022 £000s**	**31 March 2021 £000s**
Total interest expense	6	48

Amounts recognised in the Statement of Cashflows	**31 March 2022 £000s**	**31 March 2021 £000s**
Total cash outflow	(194)	(153)

16. Trade and other receivables

	31 March 2022 £000s	**31 March 2021 £000s**
Amounts falling due in excess of one year:		
Trade receivables	11,086	10,660
Amounts falling due within one year:		
Gross trade receivables	10,096	9,570
Less:		
Specific provisions	(1,464)	(1,919)
Allowance for expected credit losses	(865)	(560)
Trade receivables	7,767	7,091
Contract asset	1,245	431
Prepayments	177	166
Total trade and other receivables due within 1 year	9,189	7,688

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 allowance us included in note 28.

Contract assets relate to accrued interest income due on a settlement of a large case 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.

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

ECL Provision	**31 March 2022 £000s**	**31 March 2021 £000s**
At 1 April 2021	560	107
Provisions for impairment during the year	305	453
Unused amounts written back	-	-

As at 31 March 2022	865	560

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 credit loss rates are based on the payment profiles of completions from January 2019 (post IPO).

17. Cash and cash equivalents

	31 March 2022 £000s	31 March 2021 £000s
Cash at bank and in hand	2,256	1,144

All bank balances are denominated in pounds sterling.

18. Trade and other payables

	31 March 2022 £000s	31 March 2021 £000s
Amounts falling due in excess of one year:		
Accruals – direct costs	6,853	6,602
Amounts falling due in one year:		
Trade payables	734	713
Accruals – direct costs	3,273	1,719
Other creditors	622	753
Contract liability	846	291
Other taxation and social security	119	89
Total trade and other payables due within one year	5,594	3,565

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 relate primarily to accrued amounts due to Insolvency Practitioners on the Company's completed cases and accrued legal costs of completed cases. Of the £6.8m shown as non-current, £5.7m relates to the amounts payable to the Insolvency Practitioner due in more than one year in respect of the large case completion in FY21.

Th 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 2022 £000s	31 March 2021 £000s
At 1 April 2021	121	157
Deferred tax charged/(credited) in the income statement for the period	23	(35)
Deferred tax included directly in equity	(49)	(1)
At 31 March 2022	95	121

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

20. Borrowings

	31 March 2022 £000s	31 March 2021 £000s
Non-current		
Bank loans	13,285	7,698
Lease liability	-	96
Total non-current borrowings	13,285	7,794

Current		
Lease liability	96	189
Total current borrowings	96	189

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 the term of four years from date of extension, in November 2018, are capitalised and amortised over the length of the loan facility, four years. This HSBC loan arrangement was further extended to £25m from 22 June 2021 for an initial period of three years with an option to extend for a further year.

Gross borrowings are £13.5m as at 31 March 2022 (FY21: £8.0m) but are presented net of HSBC set-up amortised costs of £215k above which are being amortised over 3 years. HSBC set-up costs relating to the previous loan were fully written off in FY21 (FY21: £302k). The maturity analysis of bank loans is included in note 27.

The Company has complied with the financial covenants of its borrowing facilities which are assessed on a quarterly basis, during the 2022 and 2021 reporting periods.

Reconciliation of liabilities arising from financing activities:

	1 April 2021 £000s	Cash flows £000s	Non-cash changes £000s	31 March 2022 £000s
Bank borrowings	7,698	5,500	87	13,285
Lease liabilities	285	(194)	5	96
Total liabilities from financing activities	7,983	5,306	92	13,381

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

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

The Company 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 agreement, Steven Cooklin is required to maintain a minimum shareholding of 5% of the issued share capital of the Company, and is subject to 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 2022 £000s	31 March 2021 £000s

Within one year	97	194
Less than one but not later than five years	-	97
Over five years	-	-
Total	97	292
Future finance charges	(1)	(6)
Total lease liability	96	285

21. Share capital

Allotted and issued	31 March 2022 No.	31 March 2021 No.
Ordinary shares of £0.004 each	43,694,740	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.

23. Share options

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

CSOP Share Scheme
The Board has adopted the Manolete Partners 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-base payments.

Year ended 31st March 2022

Grant date	Vesting Date	Exercise price	Balance brought forward	Granted during the year	Exercised during the year	Lapsed/ forfeited	Balance carried forward
21/11/2019	21/11/2021	1.12	507,352	-	(123,314)	-	384,038
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	4.30	193,781	-	-	-	193,781
27/07/2020	27/07/2023	4.15	21,684	-	-	-	21,684

15/03/2021	15/03/2024	2.70	11,111			(11,111)	-
			800,612	-	(123,314)	(11,111)	**666,187**
Exercisable at the end of the year			**-**	-	-	-	-
Weighted average exercise price			2.45	-	1.12	2.70	2.48

Year ended 31st March 2021

Grant date	Vesting Date	Exercise price	Balance brought forward	Granted during the year	Exercised during the year	Lapsed/ forfeited	Balance carried forward
21/11/2019	21/11/2021	1.12	507,352	-	-	-	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	4.30	193,781	-	-	-	193,781
27/07/2020	27/07/2023	4.15	-	28,912	-	(7,228)	21,684
15/03/2021	15/03/2024	2.70	-	11,111	-	-	11,111
			767,817	40,023	-	(7,228)	**800,612**
Exercisable at the end of the year			**-**	-	-	-	-
Weighted average exercise price			2.22	3.75	-	4.15	2.28

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

Options outstanding at 31 March 2022 are exercisable at prices ranging between £1.12 and £4.65 (FY21 £1.12 and £4.65) and the weighted average contractual life of the options outstanding at the reporting date is 7.6 months (FY21: 11.8 months) as analysed in the table below:

	Number of share options		**Weighted average remaining contractual life (months)**	
Exercise price range	**FY22**	**FY21**	**FY22**	**FY21**
£1.12 - £1.99	384,038	507,352	-	7.0
£2.00 - £3.99	-	11,111	-	35.0
£4.00 - £4.65	282,149	282,149	7.6	19.6
	666,187	**800,612**	**7.6**	**11.8**

	Number of share options		**Exercise price £**	
	FY22	**FY21**	**FY22**	**FY21**
CSOP Options	141,216	187,559	3.18	2.77
Unapproved Options	524,971	613,053	2.29	2.13
Total	**666,187**	**800,612**	**2.48**	**2.28**

Fair value calculations
The fair value of the CSOP share options 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 year ended 31 March 2022 and 31 March 2021 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%	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 of 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 pf £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 31st March 2022

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	30/03/2022	0.004	53,333	-	-	-	53,333
30/09/2020	30/09/2023	0.004	321,334	-	-	-	321,334
02/12/2021	02/12/2024	0.004	-	357,806*	-	-	357,806
02/12/2021	30/03/2022	0.004	-	53,333*	-	-	53,333
			374,667	411,139	-	-	**785,806**
Weighted average exercise price			0.004	0.004	-	-	0.004

Year ended 31st 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*	-	(53,333)	-
30/09/2020	30/03/2022	0.004	-	53,333*	-	-	53,333
30/09/2020	30/09/2023	0.004	-	321,334*	-	-	321,334
			-	**428,000**	**-**	**(53,333)**	**374,667**
Weighted average exercise price			-	0.004	-	0.004	0.004

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

No options were exercised during the period and no options were modified. The weighted average remaining contractual life of these options is 22.8 months (FY21: 21.3 months). No LTIP options were in issue prior to the 1 April 2020.

Fair value calculations
The fair value of the LTIP share options 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 2022 and 31 March 2021 based on the 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
02/12/2021	2.55	0.004	56.3%	0%	0.82%	2.55
02/12/2021	2.55	0.004	33.6%	0%	0.82%	2.55

LTIP awards granted during the year ended 31 March 2022 are subject to the Earnings Per Share performance conditions.

24. Retirement benefits

The Company operates a defined contribution pension scheme for all qualifying employees. During the year, the Company charged £78,824 (FY21: £73,953) as employer's pension contributions. The outstanding pension creditor as at 31 March 2022 was £4,933 (FY21: £4,765).

25. Financial instruments – classification and measurement

Financial assets

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

	31 March 2022 £000s	31 March 2021 £000s
Trade receivables	18,853	17,751
Contract assets	1,245	431
Cash and cash equivalents	2,256	1,144
Total	22,354	19,326

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

	31 March 2022 £000s	31 March 2021 £000s
Investments	45,718	37,508
Total	45,718	37,508

Financial liabilities

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

	31 March 2022 £000s	31 March 2021 £000s
Trade and other payables	12,447	10,167
Bank loans	13,285	7,698
Lease liabilities	96	285
Total	25,828	18,150

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:

31st March 2022	**Level 1**	**Level 2**	**Level 3**
	£000s	**£000s**	**£000s**
Investments	-	-	45,718
Total	-	-	45,718

31st March 2021	**Level 1**	**Level 2**	**Level 3**
	£000s	**£000s**	**£000s**
Investments	-	-	37,508
Total	-	-	37,508

26. Cashflow information

(A) Non-cash adjustments to cashflows generated from operations

	31 March 2022 £000s	31 March 2021 £000s
Fair value movements	(5,200)	(3,405)

Legal costs on realised cases	3,460	4,199
Finance expense	796	457
Depreciation & amortisation	193	161
Share based payments	218	122
Deferred tax	89	-
Finance income	-	(50)
Non-cash change in lease liability	-	(7)
Non-cash adjustments to cashflows (used in)/generated from operations	**(444)**	**1,477**

(B) Net debt reconciliation

	31 March 2022 £000s	31 March 2021 £000s
Cash and cash equivalents	2,256	1,144
Borrowings – repayable after one year	(13,285)	(7,698)
Net debt excluding leases	(11,029)	(6,554)
Current lease liability	(96)	(189)
Non-current lease liability	-	(96)
Net debt including leases	**(11,125)**	**(6,839)**

27. 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 2022 Interest Rate	Debt £000s	31 March 2021 Interest Rate
Floating rate borrowings				
Bank loans	13,500	SONIA and Margin of 2.9%	8,000	LIBOR and Margin of 2.25%

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 2022 £000s	31 March 2021 £000s
Bank loans	11,500	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.

At 31 March 2022	**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**
Trade and other payables	5,314	1,810	4,400	3,329	14,853	12,447
Bank borrowings	-	13,500	-	-	13,500	13,285
Lease liabilities	97	-	-	-	97	96
Total	5,411	15,310	4,400	3,329	28,450	25,828

At 31 March 2021	**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**
Trade and other payables	3,298	618	3,411	6,616	13,943	10,167
Bank borrowings	-	8,000	-	-	8,000	7,698
Lease liabilities	194	97	-	-	291	285
Total	3,492	8,715	3,411	6,616	22,234	18,150

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. The Company initially raised funds through an IPO in December 2018 and has drawn down £13.5m of a HSBC loan facility (FY21: £8m), the total facility is a £25m revolving credit facility with HSBC.

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

- Safeguard the Company's ability to operate 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 2022 the Company's strategy remained unchanged.

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 2022 £000s	31 March 2021 £000s
Trade and other receivables	20,275	18,348
Total	20,275	18,348

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 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 new case. Occasionally, credit defaults do occur when counterparties default on an agreed settlement, payable by instalments.

There is a concentration risk in relation to the trade receivable of £8.0m in relation to a single case which completed in FY21. 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 2022 £000s	31 March 2021 £000s
Settlement agreements	15,717	15,739
Judgements	4,001	2,572
Specific provisions	1,464	1,919
Gross carrying amount after specific provisions	21,182	20,230
Loss allowance	(2,329)	(2,479)
Trade receivables carrying amount	18,853	17,751

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

Past due at 31 March 2022	**Current £000s**	**0-1 months £000s**	**1-3 months £000s**	**3-6 months £000s**	**6-12 months £000s**	**>12 months £000s**	**Total £000s**
Gross receivables							
Settlement agreements	14,770	218	382	270	255	469	16,364
Judgements	2,686	5	-	116	1,685	326	4,818
Total	17,456	223	382	386	1,940	795	21,182
Loss allowance							
Settlement agreements - ECL	(120)	(18)	(54)	(136)	(49)	(42)	(419)
Judgements - ECL	(165)	(2)	(47)	(20)	(212)	-	(446)
Settlement agreements - Specific provisions	(20)	-	-	-	(200)	(427)	(647)
Judgements – Specific provisions	-	-	-	(75)	(550)	(192)	(817)
Total	(305)	(20)	(101)	(231)	(1,011)	(661)	(2,329)
Expected loss rate %							
Settlement agreements	2%	8%	29%	56%	90%	99%	3%
Judgements*	21%	39%	47%	49%	82%	100%	9%
Specific provisions	100%	100%	100%	100%	100%	100%	100%

Total	2%	9%	26%	60%	52%	83%	11%

*Expected judgement loss rates are shown net of deductions where the Company has secured charging orders over properties owned by the 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 considered 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 £45.7m of investments disclosed in the balance sheet. However, as an indication we note that a 10% increase/(decrease) in the fair value or out top 20 cases (including Cartel cases) would result in an increase/(decrease) in the fair value investment of +/- £2.31m.

Currency risk

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

28. Related party transactions

Director and key management remuneration is disclosed in Note 5.

Dividends of £97,031 were paid to the directors during the year based on their individual shareholdings disclosed in the Remuneration Committee report as follows:

	31 March 2022 £000s	31 March 2021 £000s
Steven Cooklin	95	327
Mark Tavener	-	-
Lord Howard Leigh	1	-
Peter Bertram	-	0.5
Lee Manning	-	0.6
Stephen Baister	0.5	0.9
Total dividends paid to the directors	**97**	**329**

29. Ultimate controlling party

The Company has no ultimate controlling party.

30. Post balance sheet events

In April 2022, a large case was completed for a gross settlement fee of £9.5m and net profit to Manolete of £2.4m. Manolete's cash receipt of £5.6m which includes the refund of costs incurred on the case was received in May 2022.