

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018  
FOR  
MORTIMER CLARKE SOLICITORS LIMITED**



**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Contents of the financial statements  
For the year ended 31 December 2018**

	<b>Page</b>
<b>Contents</b>	<b>1</b>
<b>Company information</b>	<b>2</b>
<b>Strategic report</b>	<b>3</b>
<b>Report of the directors</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6</b>
<b>Statement of comprehensive income</b>	<b>8</b>
<b>Statement of financial position</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11</b>

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Company information  
For the year ended 31 December 2018**

**Directors:**

K Stannard  
S Bayne  
C Buick  
A Rogers

**Registered office:**

1st Floor  
16-22 Grafton Road  
Worthing  
West Sussex  
BN11 1QP

**Registered number:**

06211733 (England and Wales)

**Auditors:**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## **MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

### **Strategic report for the year ended 31 December 2018**

The directors present their report with the financial statements of the Company for the year ended 31 December 2018.

The directors are taking the small companies exemption from presenting a strategic report as per the Companies Act.

#### **Principal activity**

The principal activity of the Company in the year under review was that of the provision of legal services.

#### **Review of the business and future developments**

The Company reported a profit on ordinary activities before taxation of £1,366,784 for the year ended 31 December 2018, which compares to a profit of £1,001,585 in prior year supported by significant growth in debt servicing revenues.

The growth in revenue for the period was driven by increased collections arising on debt servicing arrangements. Revenues of £6,357,827 (2017: £4,737,234) were reported, reflecting a year on year increase of 34%.

Administrative expenses for the company increased in the year as the company invested in servicing capabilities. Charges of £5,020,827 for 2018 compare to equivalent charges of £3,735,649 in 2017, an increase of 34%.

After allowance for taxation, comprehensive income of £959,477 for 2018 (2017: £810,124) saw net assets improve from £1,368,547 at 31 December 2017 to total £2,328,024 at the end of the current year. No dividends were paid or proposed during the period.

#### **Directors**

The directors who were members of the Board at the time of approving the directors' report are listed on page 2 and their service was continuous throughout the year.

#### **Disabled employees**

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event that members of staff become disabled every effort is made to ensure that their employment with the Company continues. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests both informally and via the quarterly meetings with the "Association of Cabot Employees".

#### **Qualifying third party indemnity provisions**

The Company has arranged qualifying third party indemnity for all of its Directors.

#### **Political donations**

The Company made no political contributions (2017: £nil).

#### **Future developments**

The directors consider that the Company will continue to grow its future revenue through both existing group arrangements and new external clients as it further develops its debt servicing capabilities.

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Strategic report for the year ended 31 December 2018 (continued)**

**Principal risks and uncertainties**

The Company is exposed through its operations to financial risks in relation to cash flow and credit risk and to going concern and liquidity risk. The Company is exposed to risks that arise from its use of financial instruments.

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables.

**Cash flow and credit risk**

The Company is a member of the Group and therefore its financial risk management objectives and policies are intrinsically linked to those of the Group.

Credit risk is the risk that a customer or counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal activity is the acquisition and management of underperforming consumer loan portfolios; therefore, the Group are exposed to significant credit risk. Most portfolios by their nature are impaired on acquisition and the Group continually monitors cash collections and the carrying values are impaired where the underlying performance does not meet initial expectations. The ongoing risk is managed through a portfolio valuation process including modelling current expectations of recoverability based on historical information on debt types. A pricing review process is in place which includes at least two members of the Board of Directors as well as other key members from all areas of the business. This process is in place to scrutinise all aspects of a portfolio acquisition from reputational and regulatory risk through to the financial assumptions and maximum bid price.

**Capital risk**

The Company monitors "adjusted capital" which comprises all components of equity (i.e. share capital and retained earnings) other than amounts in the cash flow hedging reserve.

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

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

**Going concern and liquidity risk**

The Company's core business is the provision of legal services for fellow Group companies. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group.

The financial position of the Company and the liquidity position are described in the financial statements on pages 9 to 17. The company made an operating profit of £1,336,784 for the financial year (2017: £1,001,585) and has net current assets and equity of £2,328,024 (2017: £1,368,547).

Management have reviewed the Group forecast performance models, covenant projections and funding availability including consideration of appropriate sensitivities and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Report of the directors for the year ended 31 December 2018**

**Statement of directors' responsibilities**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The entity is using the reduced disclosure framework.

**Statement as to disclosure of information to auditors**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This directors' report was approved by the Board on 16th September 2019.

ON BEHALF OF THE BOARD:



Sandra Bayne - Director

Date: 20th September 2019

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Independent auditor's report to the members of Mortimer Clarke Solicitors Limited**

**Opinion**

We have audited the financial statements of Mortimer Clarke Solicitors Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

**Other information**

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

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

We have nothing to report in this regard.

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

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

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

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Independent auditor's report to the members of Mortimer Clarke Solicitors Limited (continued)**

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit,

we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Neil Fung On (senior statutory auditor)**

**For and on behalf of BDO LLP, statutory auditor**

**London**

*BDO LLP*

Date: 20<sup>th</sup> September 2019

**BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).**



**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**  
**Statement of comprehensive income for the year ended 31 December 2018**

		2018	2017
	Notes	£	£
<b>Revenue</b>	2	6,357,611	4,737,234
<b>Administrative expenses</b>		<u>(5,020,827)</u>	<u>(3,735,649)</u>
<b>Operating profit and profit on ordinary activities before taxation</b>	3	1,336,784	1,001,585
<b>Tax on profit on ordinary activities</b>	5	<u>(377,307)</u>	<u>(191,461)</u>
<b>Profit for the financial year</b>		959,477	810,124
<b>Total comprehensive income for the year</b>		<u><u>959,477</u></u>	<u><u>810,124</u></u>

All the amounts included in the profit for the financial year derive from continuing operations.  
There is no other comprehensive income.  
The notes on pages 11 to 17 form part of these financial statements

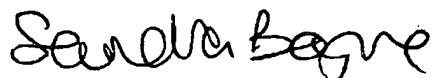
**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Statement of financial position as at 31 December 2018**

	Notes	2018 £	2017 £
<b>Current assets</b>			
Trade and other receivables	6	9,124,852	5,591,011
Cash at bank		<u>3,922,782</u>	<u>1,703,623</u>
		13,047,634	7,294,634
<b>Creditors, falling due within one year</b>			
Trade and other payables	7	<u>(10,719,610)</u>	<u>(5,926,087)</u>
<b>Net current assets</b>		<u>2,328,024</u>	<u>1,368,547</u>
<b>Total assets less current liabilities</b>		<u>2,328,024</u>	<u>1,368,547</u>
<b>Equity</b>			
Called up share capital	9	2	2
Retained earnings		<u>2,328,022</u>	<u>1,368,545</u>
<b>Shareholders' funds</b>		<u>2,328,024</u>	<u>1,368,547</u>

The notes on page 11 to 17 form part of these financial statements

The financial statements were approved by the Board of Directors on 16th September 2019 and were signed on its behalf by:



**Sandra Bayne - Director**

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Statement of changes in equity for the year ended 31 December 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2017</b>	2	558,421	558,423
<b>Changes in equity</b>			
Total comprehensive income	-	810,124	810,824
<b>Balance at 31 December 2017</b>	<u>2</u>	<u>1,368,545</u>	<u>1,368,547</u>
<b>Changes in equity</b>			
Total comprehensive income	-	959,477	959,477
<b>Balance at 31 December 2018</b>	<u>2</u>	<u>2,328,022</u>	<u>2,328,024</u>

The notes on page 11 to 17 form part of these financial statements

**Notes to the financial statements for the year ended 31 December 2018**

**1. Accounting policies**

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced

Disclosure Framework' (FRS 101) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention. The presentation currency used is pounds sterling and amounts are shown in pounds rounded to the nearest whole number.

The Company has taken advantage of all relevant and available disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework".

These financial statements do not include:

- certain comparative information as otherwise required by EU endorsed International Financial Reporting Standards;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- the disclosure of the related party transactions with other wholly owned members of the group headed up by Cabot Credit Management Plc

**Going Concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 3 to 5.

After making enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Judgements and key areas of estimation uncertainty**

The preparation of financial statements in compliance with FRS 101 requires the use of accounting estimates and requires the Company's directors to exercise judgment in applying the Company's accounting policies. There were no areas where significant judgments and estimates have been made in preparing the financial statements.

**Financial assets**

The Company classifies its financial assets depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity, available for sale or as fair value through profit or loss. The Company has no derivative financial instruments. All financial assets are classified as loans and receivables.

**Loans and receivables**

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

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 receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**1. Accounting policies (continued)**

comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when applicable, are shown within financial liabilities as borrowings.

**Financial liabilities**

The Company classifies its financial liabilities as other financial liabilities. Other financial liabilities include trade payables and other short-term monetary liabilities. These are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Loans from group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution.

**Revenue**

Revenue represents net fees receivable in respect of debt servicing contracts and other litigation services. Amounts are recognised when services are provided and invoiced and are stated excluding value added tax.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

**Employee benefit costs**

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

**Changes in accounting policies and disclosures**

**Recent accounting pronouncements**

The standards and interpretations that are issued, but not yet effective are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

**IFRS 9**

IFRS 9 The Group applied the simplified approach and recorded lifetime expected losses on all trade receivables and intercompany borrowings. Intercompany borrowings Management have deemed that loans to other group undertakings are at a market rate and therefore the carrying value of the loans are an accurate approximation of fair value. Management determine impairment based on the borrowers' historically observed data, adjusted for forward-looking information. With regard to lifetime expected losses Management have assessed that any such losses are immaterial

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard supersedes all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, and the Company has adopted the new standard on the required effective date, 1 January 2018.

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**IFRS 15 Revenue from Contracts with Customers (continued)**

Following an assessment of the impact of adopting IFRS 15, management have concluded that IFRS 15 will not have a material impact on the results of the Company.

Changes in standards and interpretations that are not relevant to the Company's operations are not disclosed.

**IFRS 16 Leases**

IFRS 16 Leases applies to accounting periods beginning on or after 1 January 2019 and has been endorsed for use by those entities applying EU IFRS. It requires lessees to bring all leases within its scope on the statement of financial position, showing an asset for the right of use and a liability calculated using the discounted amount of future payments. This will be implemented on 1 January 2019 and is not expected to have a material impact on the company.

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**2. Revenue**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<u>Revenue comprises:</u>		
Litigation servicing income	<b>6,336,140</b>	<b>4,719,070</b>
Other litigation income	<b>21,471</b>	<b>18,164</b>
	<b><u>6,357,611</u></b>	<b><u>4,737,234</u></b>

**3. Profit on ordinary activities before taxation**

The profit on ordinary activities before taxation is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Operating lease rentals – other leases	<b>9,664</b>	<b>6,443</b>
Auditors' remuneration	<b><u>15,910</u></b>	<b><u>14,300</u></b>

Auditors' remuneration comprises:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit of the statutory financial statements	<b>8,910</b>	<b>8,000</b>
Other audit services (regulatory returns)	<b><u>7,000</u></b>	<b><u>6,300</u></b>

**4. Information regarding employees and directors**

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
<u>Staff numbers</u>		
Average number of employees (including executive directors)	<b><u>117</u></b>	<b><u>104</u></b>

	<b>£</b>	<b>£</b>
<u>Staff costs</u>		
Wages and salaries	<b>3,034,181</b>	<b>2,443,425</b>
Social security costs	<b>269,902</b>	<b>232,100</b>
Pension contributions	<b><u>73,059</u></b>	<b><u>62,224</u></b>
	<b><u>3,377,142</u></b>	<b><u>2,737,749</u></b>

	<b>£</b>	<b>£</b>
<u>Directors' remuneration</u>		
Salary and benefits in kind	<b>118,959</b>	<b>139,503</b>
Pension contributions	<b><u>5,974</u></b>	<b><u>5,826</u></b>
	<b><u>124,933</u></b>	<b><u>145,329</u></b>

There is one director for whom retirement benefits are accruing under a defined contribution pension scheme.

The disclosures above relate to Directors who are remunerated by the Company. Directors who are directors of the immediate parent are not remunerated in their capacity as directors of the Company. The emoluments of other directors are paid for by other group companies which make no recharge to this company. It is not possible to make an accurate apportionment of their emoluments to group companies.

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**5. Taxation**

**(a) Analysis of tax charge**

	2018 £	2017 £
Current tax:		
Corporation tax	<u>377,307</u>	<u>191,461</u>
Total tax charge in statement of comprehensive income	<u>377,307</u>	<u>191,461</u>

**(b) Factors affecting the total tax charge**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2018 £	2017 £
Profit before tax	<u>1,336,784</u>	<u>1,001,585</u>
Expected tax (credit)/charge based on the hybrid standard rate of UK corporation tax of 19.00% (2017: 19.25%)	377,307	191,461
Which was affected by:		
Expenses not deductible for tax	-	-
Rate differential on loss carry-back	-	-
Total tax charge in statement of comprehensive income	377,307	191,461

**(c) Factors that may affect future tax charges**

The Finance Act 2016, which reduced the main rate of UK corporation tax to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was enacted on 6 September 2016. The Finance Act 2017 has not resulted in any further changes to the main rate of UK corporation tax.

**6. Debtors: Amounts falling due within one year**

	2018 £	2017 £
Amounts owed by group undertakings	9,040,617	5,445,032
Trade debtors	2,246	16,200
Other debtors	17,764	26,803
Corporation tax recoverable	7,189	47,351
Prepayments and accrued income	<u>57,036</u>	<u>55,625</u>
	<u>9,124,852</u>	<u>5,591,011</u>

Amounts due from group undertakings are unsecured, have no fixed repayment date and are repayable on demand. The Company considers that the carrying financial assets included above are a reasonable approximation of the fair value due to their short term nature.



**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**7. Creditors: Amounts falling due within one year**

	2018	2017
	£	£
Trade creditors	3,686,382	1,450,367
Amounts owed to group undertakings	5,908,381	3,949,046
Social security and other taxes	72,074	50,478
Other creditors	603,522	278,683
Accrued expenses	<u>449,251</u>	<u>197,513</u>
	<u><u>10,719,610</u></u>	<u><u>5,596,087</u></u>

Amounts due to group undertakings are unsecured, have no fixed repayment date and are repayable on demand. The Company considers that the carrying amounts of the financial liabilities included above are a reasonable approximation of the fair value due to their short term nature.

**8. Secured debts**

A debenture over the assets of the Company is held by the Royal Bank of Scotland in relation to the direct debit facility the company has with the bank. There were no debts in relation to this at either 2019 or 2018 year ends.

**9. Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
2	Ordinary	£1	<u><u>2</u></u>	<u><u>2</u></u>

**10. Commitments**

**Lease commitments**

The Company entered into a two year lease in 2015 in relation to certain administrative equipment. This expired in 2017.

The Company's total future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

**Other leases:**

	2018	2017
	£	£
Not later than one year	-	1,611
	<u>-</u>	<u>1,611</u>

**MORTIMER CLARKE SOLICITORS LIMITED (REGISTERED NUMBER: 06211733)**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**11. Contingent Liabilities**

The Company is party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow Group company and the Senior Secured Notes due 2020, 2021 and 2023. Amounts outstanding on such borrowings were £872.4 million at 31 December 2018 (2017: £900.5 million). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future.

**12. Ultimate controlling party**

At the year end the immediate parent Company is Cabot Financial Debt Recovery Services Limited, a Company registered in England and Wales, which owns the entirety of the issued share capital of the Company.

At the year end the ultimate parent Company is Encore Capital Group Inc ("Encore"), a Company incorporated in Delaware, United States, whose financial statements are available on their website.

The smallest group of which the Company is a member and for which group financial statements are drawn up is the group headed by Cabot Credit Management Limited (registration number: 05754978). The largest group of undertakings for which group accounts are drawn up and in which the Company is included is the group headed by Encore Capital Group Inc ("Encore"). Copies of the group financial statements are available on request from the Company's registered office