

Registered number: 08604906

MAGELLAN HOMELOANS UK LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

THURSDAY



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MAGELLAN HOMELOANS UK LIMITED

COMPANY INFORMATION

Directors	A Forrester M Gilmour S Read
Company secretary	N Pettitt (resigned 30 November 2017)
Registered number	08604906
Registered office	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2P 2YU

MAGELLAN HOMELOANS UK LIMITED

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MAGELLAN HOMELOANS UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity of the Company continues to be the provision of corporate services to Group companies in connection with mortgage lending.

Results and dividends

The loss for the year, after taxation, amounted to £3,358,615 (2017: loss £756,970).

The directors do not recommend the payment of a dividend (2017: £Nil).

Directors

The directors who served during the year were:

A Forrester
M Gilmour
S Read

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MAGELLAN HOMELOANS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Going concern

Having made appropriate enquiries and following a review of the group's forecast cashflows and the group's financing facilities, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

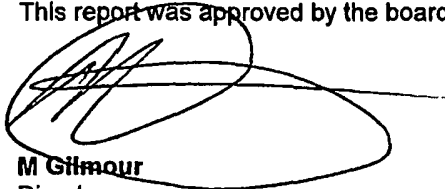
Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 December 2018 and signed on its behalf.



M Gilmour
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN HOMELOANS UK LIMITED

Opinion

We have audited the financial statements of Magellan Homeloans UK Limited for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 March 2018 and of its loss 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN HOMELOANS UK LIMITED
(CONTINUED)**

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

Matter on which we are required to report by the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN HOMELOANS UK LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 1, 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Grant Thornton UK LLP

William Pointon (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
London Finsbury

21 December 2018

MAGELLAN HOMELOANS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover		1,489,424	1,813,731
Cost of sales		(552,723)	(650,141)
Gross profit		936,701	1,163,590
Administrative expenses		(4,000,917)	(1,696,697)
Other operating charges		(67,799)	-
Operating loss		(3,132,015)	(533,107)
Revaluation of financial assets held at fair value and other income		600,000	49,990
Revaluation of financial liabilities held at fair value		(600,000)	-
Interest payable and similar charges		(226,600)	(273,853)
Loss before tax		(3,358,615)	(756,970)
Loss for the financial year		(3,358,615)	(756,970)

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 9 to 18 form part of these financial statements.

MAGELLAN HOMELOANS UK LIMITED
REGISTERED NUMBER:08604906

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	6	403,363	188,400
Tangible assets	7	137,518	-
Investments	8	3,300,000	-
		<u>3,840,881</u>	<u>188,400</u>
Current assets			
Debtors: amounts falling due within one year	9	174,629	1,722,485
Cash at bank and in hand	10	1,353,713	-
		<u>1,528,342</u>	<u>1,722,485</u>
Creditors: amounts falling due within one year	11	(368,215)	(1,738,475)
Net current assets/(liabilities)		<u>1,160,127</u>	<u>(15,990)</u>
Total assets less current liabilities		<u>5,001,008</u>	<u>172,410</u>
Creditors: amounts falling due after more than one year	12	(7,098,169)	(1,240,250)
Net liabilities		<u>(2,097,161)</u>	<u>(1,067,840)</u>
Capital and reserves			
Called up share capital		100	100
Capital contribution reserve		2,329,294	-
Other reserves		39,068	39,068
Profit and loss account		(4,465,623)	(1,107,008)
		<u>(2,097,161)</u>	<u>(1,067,840)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2018.


M Gilmeur
Director

The notes on pages 9 to 18 form part of these financial statements.

MAGELLAN HOMELOANS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Capital contribution reserve	Share based payment reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2017	100	-	39,068	(1,107,008)	(1,067,840)
Comprehensive income for the year					
Loss for the year	-	-	-	(3,358,615)	(3,358,615)
Total comprehensive income for the year	-	-	-	(3,358,615)	(3,358,615)
Capital Contributions	-	2,329,294	-	-	2,329,294
Total transactions with owners	-	2,329,294	-	-	2,329,294
At 31 March 2018	100	2,329,294	39,068	(4,465,623)	(2,097,161)

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

	Called up share capital	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	100	-	(350,038)	(349,938)
Comprehensive income for the year				
Loss for the year	-	-	(756,970)	(756,970)
Total comprehensive income for the year	-	-	(756,970)	(756,970)
Share based payment	-	39,068	-	39,068
Total transactions with owners	-	39,068	-	39,068
At 31 March 2017	100	39,068	(1,107,008)	(1,067,840)

The notes on pages 9 to 18 form part of these financial statements.

MAGELLAN HOMELOANS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. General information

Magellan Homeloans UK Limited (the 'Company') is a private company limited by shares incorporated in England and Wales. The registered head office is located at Ashcombe House, 5 The Crescent, Leatherhead, Surrey, KT22 8DY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The functional and presentational currency of the Company is GBP Sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

Having made appropriate enquiries and following a review of the group's forecast cashflows, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents fees receivable for mortgage origination. Fees are recognised in the period in which they fall due and the service has been delivered.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Assets under the course of construction relates to software development. Software development costs are recognised as an intangible asset when all the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development

Intangible assets are being amortised on a straightline basis over a five year period.

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as detailed below.

Depreciation is provided on the following basis:

Leasehold improvements	- 5 years straight line
Fixtures and fittings	- 3 years straight line
Office equipment	- 3 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.10 Creditors

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

2.11 Functional currency

The Company's functional and presentational currency is GBP.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest 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.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

2.15 Share based payments

Certain employees of the Company along with some other group employees were granted C shares of Mars Acquisition Limited during the prior year. Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that will exist. The corresponding credit is recognised in retained earnings as a component of equity.

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.16 Other financial assets

Other financial assets comprise investments in loan notes. Other financial assets are initially measured at fair value, which is the discounted present value of the loans that the company holds on behalf of certain individuals. Such assets are subsequently carried at fair value and the changes in fair values are recognised as profit or loss.

The company holds the loan notes on behalf of certain individuals. The individuals are entitled to receive certain shares of any amounts net of tax received by the company as a result of its interest in the loan notes. The company recognises a liability for the benefits measured at the present value of the benefit obligation as at the reporting date, discounting at an appropriate discount rate.

The company recognises a constructive obligation equal to unvested value of loan notes to the extent it has created the expectation that the full value of the loan notes will transfer to individuals.

3. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ (2017 -).

4. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and Salaries	2,219,253	1,252,659
Social Security Costs	249,548	149,976
Pension	53,605	18,406
	<u>2,522,406</u>	<u>1,421,041</u>

The average monthly number of employees, including directors, during the year was 38 (2017 - 28).

5. Directors' remuneration

Total directors' remuneration, including social security and pension costs, amounted to £342,081. The highest paid director received remuneration of £218,831.

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. Intangible assets

	Development £	Software £	Total £
Cost			
At 1 April 2017	188,400	-	188,400
Additions	-	265,558	265,558
Reclassified	(188,400)	188,400	-
At 31 March 2018	-	453,958	453,958
Amortisation			
Charge for the year	-	50,595	50,595
At 31 March 2018	-	50,595	50,595
Net book value			
At 31 March 2018	-	403,363	403,363
At 31 March 2017	188,400	-	188,400

During the year the costs related to development, have been reclassified to software as the asset has been made operational in the year.

MAGELLAN HOMELOANS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
Additions	46,533	18,319	608	93,985	159,445
At 31 March 2018	<u>46,533</u>	<u>18,319</u>	<u>608</u>	<u>93,985</u>	<u>159,445</u>
Depreciation					
Charge for the year	5,453	2,544	84	13,846	21,927
At 31 March 2018	<u>5,453</u>	<u>2,544</u>	<u>84</u>	<u>13,846</u>	<u>21,927</u>
Net book value					
At 31 March 2018	<u><u>41,080</u></u>	<u><u>15,775</u></u>	<u><u>524</u></u>	<u><u>80,139</u></u>	<u><u>137,518</u></u>
At 31 March 2017	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

8. Fixed asset investments

	Investments £
Cost or valuation	
Additions	2,700,000
Revaluations	600,000
At 31 March 2018	<u>3,300,000</u>
Net book value	
At 31 March 2018	<u><u>3,300,000</u></u>
At 31 March 2017	<u><u>-</u></u>

The above represents the Company's investment in loan notes, issued by various special purpose vehicles that have invested in mortgage receivables, including those originated by Magellan Homeloans Limited.

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	106,366	1,722,385
Other debtors	3,300	100
Prepayments and accrued income	64,963	-
	<u>174,629</u>	<u>1,722,485</u>

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>1,353,713</u>	<u>-</u>

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	138,018	-
Amounts owed to group undertakings	-	1,133,836
Other taxation and social security	153,190	-
Accruals and deferred income	77,007	604,639
	<u>368,215</u>	<u>1,738,475</u>

12. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other Creditors	3,308,499	-
Amounts owed to related parties	3,789,670	1,240,250
	<u>7,098,169</u>	<u>1,240,250</u>

Included in amounts owed to related parties is a loan of £3,789,671 from the controlling shareholders of the entity's parent company. The whole balance is due for repayment on 30 November 2021 and interest is being accrued at a rate of 10% per annum. The loan is secured by fixed and floating charges over the assets of the company.

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

13. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

Capital contribution reserve

Includes capital contributions made from former shareholders and the parent company to subsidiaries.

Share based payment reserve

Includes recognised equity expenses for share-based payments.

14. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	66,775	68,375
Later than 1 year and not later than 5 years	97,763	164,538
	<u>164,538</u>	<u>232,913</u>

MAGELLAN HOMELOANS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. Related party transactions

During the year the company has the following transactions with related parties:

	Management charges raised or incurred			
	Income / (expense)	Income / (expense)		
	2018	2018	2017	2017
	£	£	£	£
Mars Capital Finance Limited	1,489,424	(3,512,018)	-	-
Other group companies	106,366	-	-	-
	<u>1,595,790</u>	<u>(3,512,018)</u>	<u>-</u>	<u>-</u>

At the year end, the company had amounts outstanding from related parties of £106,366.

At the year end, the company had amounts outstanding to the controlling shareholder (OCM Luxembourg Mars Holdings S.a.r.l) totalling £3,789,671.

During the year fixed assets were transferred from Mars Capital Management Limited to the entity at a net book value of £71,273. Mars Capital Management Limited is a entity under the same common control.

The key management personnel of the entity are considered to be the directors. The total emoluments for key management have been disclosed within note 4.

16. Controlling party

The Company is a 100% owned subsidiary of Magellan Homeloans Holdings Ltd, a company registered in the United Kingdom.

The directors do not believe there to be an ultimate controlling party of the company.