Burford Capital PLC Group

Annual Report and Financial Statements for the year - 31 December 2020

Burford Capital PLC Group
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Directors	C Arnott L Paster P Braverman
Company secretary	P Leibfried
Company registration no.	09077893
Registered office	8th Floor Brettenham House 2-19 Lancaster Place London WC2E 7EN
Auditor	Ernst & Young LLP St Julian's Avenue St Peter Port Guernsey GY1 2HH
Solicitors	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
Incorporated	9 June 2014

Burford Capital PLC Group
Strategic report
31 December 2020

The Directors present their Strategic Report for the Company and it's Subsidiaries (together the "Group") together with the financial statements for the year ended 31 December 2020.

Principal activities

The Group's principal activity is to undertake financing activities for Burford Capital Limited and its subsidiary companies. The Directors do not propose introducing further business activities or changes to its principal activity.

Additionally, information can be found in the financial statements of the ultimate parent, Burford Capital Limited. A copy of the financial statements can be obtained from their website at www.burfordcapital.com.

Principal risks and uncertainties

On 19 August 2014 the Group issued £90m of retail bonds. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have an 8 year term, maturing on 19 August 2022, and a fixed coupon of 6.5% payable bi-annually.

On 26 April 2016, the Group issued a second set of retail bonds to the value of £100m. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have an 8.5 year term, maturing on 26 October 2024, and a fixed coupon of 6.125% payable bi-annually.

On 1 June 2017, the Group issued a third set of retail bonds to the value of £175m. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have a 9.5 year term, maturing on 1 December 2026, and a fixed coupon of 5.0% payable bi-annually.

The Directors consider the principal risk and uncertainty facing the Group to be its ability to service the capital and interest payments which is dependent on the performance of the Group. The Directors have considered the ability of Burford Capital Limited to ensure that the Group is in a position to make interest and capital repayments at the appropriate times, and as Burford Capital Limited is a profitable and solvent business, they are satisfied that it will be in a position to do so.

The issue of bonds with a fixed coupon minimises any financial risk to the Burford Capital Group as a result of interest rate fluctuations. The terms of the three bonds require that as long as they remain outstanding, Burford Capital Limited is required to ensure that at each reporting date, the Burford Capital Group leverage ratio (as defined in the bond documents) is no more than 1:2 (excluding certain subsidiaries) and as at the time of signing of these financial statements, this condition was met.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and others;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Group and company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors for example include the interests and views of members of the Burford Capital Group and our relationship with our lenders. By considering the Group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances.

We delegate authority for day-to-day management of the Group to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Group's activities and make decisions. As a part of those meetings, the directors receive information on section 172 matters when making relevant decisions. For example, each year we make an assessment of the strength of the Group's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends. In 2020 we considered the level of reserves of the Group and we have not recommended a payment of a dividend.

As the principal activity of the Group is to issue retail bonds to provide financing to subsidiary and fellow subsidiary undertakings the Group has had no commercial business operations, and no employees, customers or suppliers during the period and as such the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

Review of operations
The results for the period are set out in detail on page 21. The Consolidated and Company Balance Sheets on page 22 shows positive net assets.

The relevant KPIs applicable to the Group are detailed below.

	2020 £'000	2019 £'000
Interest income (note 3)	13,978	16,580
Interest paid (note 12)	(20,725)	(20,725)
Net interest	(6,747)	(4,145)

Likely future developments
The Directors do not anticipate any material changes in the Group's activities in the coming year.

Employees
The Group has no employees.

On behalf of the Directors

L Paster
Director

30 April 2021

The Directors present their annual report and audited financial statements for the year to 31 December 2020.

For further information on the operations of Burford Capital Limited, the ultimate parent company, please refer to the Annual Report which may be downloaded from their website www.burfordcapital.com.

Going concern

The Group's business activities, together with the factors likely to affect its future performance, position and development are set out in the Strategic Report on page 3. The Strategic Report describes the financial position of the Group and its Financial Risk Management Objectives are outlined below.

Burford Capital PLC (the "Company") is a special purpose company which is a subsidiary of Burford Capital (UK) Limited, which is itself a subsidiary of Burford Capital Limited, the Guarantor of the bonds as detailed in note 12 of the financial statements. The Company owns 2 subsidiaries which have provided financing to other Burford Capital Group companies in the form of interest bearing loans

In considering the going concern basis of preparation of these financial statements the Directors have had regard to a number of factors. The Group's primary obligation for the forthcoming twelve months is to make the bi-annual interest payments on the bonds as they fall due. From the Group's perspective, Burford Capital Limited has confirmed to the Group that it will assist it in meeting its liabilities as they fall due, to the extent that money is not otherwise available to meet such liabilities.

The full extent to which COVID-19 pandemic may impact the Burford Capital Group's results, operations or liquidity is uncertain. At present the global economy is suffering considerable disruption due to the effects of COVID-19 and Management has given serious consideration to the consequences of this for the Group and for the Guarantor. In assessing the going concern basis of accounting Management has considered ongoing compliance with applicable loan capital covenants, and the year end cash balances and forecast cash flows of both the Group and the Guarantor.

The Group has certain covenants associated with its loan capital and at present, the financial situation of the Guarantor does not suggest that any of these covenants are close to being breached. The analysis performed has considered the extraordinary nature of the current economic situation and included a number of stress tests to examine the possible circumstances which could result in the covenants being breached. Based on this analysis, it is Management's opinion that the circumstances which would give rise to a covenant breach, or a failure of the Guarantor to assist in meeting the Group's liabilities as they fall due are highly unlikely. The first principal repayment on the Group's loan capital is not due until August 2022.

On this basis, the Directors have a reasonable expectation that the Group has or has access to adequate resources to continue in operation for at least 12 months from the date of approval of these financial statements and has the ability to meet its liabilities as they fall due.

Directors

The Directors who held office during the period and subsequently to the date of this report were as follows:

C Arnott
L Paster
P Braverman

Post balance sheet events

On 5 April 2021, Burford Capital Global Finance LLC, a fellow subsidiary of the Burford Capital Group, issued notes to the value of $400m. The notes were privately offered and held in book-entry form only through The Depository Trust Company. The notes have a 7 year term, maturing on 15 April 2028, and a fixed coupon of 6.25% payable bi-annually.

The notes constitute unsecured debt obligations of the Issuer. Burford Capital Limited, the ultimate parent, Burford Capital Finance LLC, a fellow subsidiary and the Company, are jointly and severally Guarantors for interest and capital repayments as they fall due.

With the exception of these events and considerations, no other post balance sheet events affecting the financial statements or related disclosures have occurred to date.

Corporate Governance

The Group regards the successful identification, monitoring and control of risk as an essential part of its operations and has procedures in place to do so effectively. Due to the Group's limited scope and nature of its activities the Group's Board is itself responsible for all aspects of the Group's corporate governance. The Group does not, therefore, have a separate audit committee from that of Burford Capital Limited, the ultimate parent company, whose Audit Committee performs this function for the Burford Capital Group.

Financial risk management objective

The sole function of Burford Capital PLC is to act as a special purpose company to raise money by the issue of the Bonds. The net proceeds received by the Company from the issue of the Bonds were made available to other subsidiaries within the Burford Capital Group. Subsidiaries of the Burford Capital Group will use such amounts for the general corporate purposes of the Burford Capital Group and to introduce debt to its capital structure for economic efficiency. Burford Capital PLC's only material assets are therefore the intercompany assets created through the sharing of the Bonds' proceeds within the Burford Capital Group. The ability of Burford Capital PLC to repay the Bonds will be dependent upon remittances or repayments from Burford Capital Group subsidiaries and, therefore, will be subject to all the risks to which the Burford Capital Group is subject.

Risks relating to the Burford Capital Group

Investment selection and performance

The Burford Capital Group is dependent on whether or not the investments and financings which it undertakes and insurance contracts which it has undertaken (collectively, "investments") will be successful or will pay returns. Assessing the value, strengths and weaknesses of litigation is complex and the outcome is not certain. Should the investments, financings and insurance contracts in which the Burford Capital Group is or becomes involved prove to be unsuccessful or produce returns below those expected, the ability of the Burford Capital Group to meet its commitments under the Bonds could be materially adversely affected.

Inability to locate, and delay in entering into, investments

The success of the Burford Capital Group is dependent upon the conclusion, management and realisation of suitable investments. There is no guarantee that the Burford Capital Group will be successful in sourcing suitable investments in a timely manner or at all, or in sourcing a sufficient number of suitable investments that meet the diversification and underwriting and other requirements of the Burford Capital Group in jurisdictions where such investments are desirable.

The Burford Capital Group may experience fluctuations in its operating results

Investors contemplating an investment in the Bonds should recognise that their market value can fluctuate and may not always reflect the underlying operating results of the Burford Capital Group. Such operating results may themselves vary from time to time due to a variety of factors including, but not limited to, the accounting valuations of the investments made by the Burford Capital Group, the recognition of recoveries and the collection of awards, settlement monies or other funds from investments. The actual results of the Burford Capital Group for a particular period should therefore not be taken as indicative of its performance in a future period.

Regulation
Law and professional regulation (including ethics regulation) in the area of acquiring or otherwise taking a financial position or a commercial interest with respect to claims and defences can be complex and uncertain in the U.S. and elsewhere. In various jurisdictions there are prohibitions or restrictions in connection with purchasing claims from claimants (known as maintenance, and a form of maintenance, called champerty), assignment of certain kinds of claims and/or participating in a lawyer's contingent fee interests (including ethical rules against sharing fees with lawyers and non-lawyers). Such prohibitions and restrictions, to the extent they exist, are governed by the rules and regulations of each state and jurisdiction in the U.S. and elsewhere and vary in degrees of strength and enforcement in different states and federal jurisdictions. This is a complex issue that involves both substantive law and also choice of law principles. The Burford Capital Group has retained counsel experienced in ethics and other professional matters, and assesses the foregoing legal and ethical and other issues as appropriate and on an overall ongoing basis. However, in many jurisdictions, the relevant issues may not have been considered by the courts nor addressed by statute and thus obtaining clear opinions or legal advice may be difficult to achieve. Thus the Burford Capital Group's investments could be open to challenge or subsequently reduced in value or extinguished.

Changes in laws, regulation or ethical rules could further reduce or limit opportunities for the Burford Capital Group to make investments or could result in the reduction or extinction of the value of investment already concluded by the Burford Capital Group in such jurisdictions, and such changes are regularly proposed by groups opposed to litigation proliferation and others.

Competition
Competition for attractive investment opportunities may lead to lower potential returns than expected from individual investments, which may affect the Burford Capital Group's ability to invest on terms which it considers attractive. The Burford Capital Group may face competition from other entities, some of which may have significantly greater financial and/or technical resources than the Burford Capital Group, whose business may be at a more mature stage of development than that of the Burford Capital Group, which may develop or market alternative financial arrangements that are more effective or less susceptible to challenge than those developed or marketed by the Burford Capital Group, or that might render the Burford Capital Group's investment strategy obsolete or uncompetitive.

Reputational risk
Failure to protect the Burford Capital Group's reputation and brand in the face of ethical, legal or moral challenges could lead to a loss of trust and confidence. This could result in a decline in the client base and affect the Burford Capital Group's ability to recruit and retain good people, which could have a material adverse effect on the Burford Capital Group's financial performance.

The Guarantor recognises the high standards of corporate governance demanded of listed companies. The Guarantor has adopted and complied with the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission (the "Code"). The Code includes many of the principles contained in the UK Corporate Governance Code.

Currency risk
The Burford Capital Group's financial statements are presented in U.S. dollars and many of its assets are denominated in U.S. dollars. Although some of the Burford Capital Group's expenses are denominated in U.S. dollars, others are in sterling, euros and other currencies. Principal and interest on the Bonds are denominated and will be paid in sterling. There is a risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of U.S. dollars) and the risk that the U.S. Federal Reserve may impose or modify exchange controls. The Burford Capital Group may hedge some of its exposure to the U.S. dollar or other non-sterling currencies through forward foreign exchange contracts or through other financial products. While hedging may reduce currency risk, it is not possible to hedge fully or perfectly against currency fluctuations, and the Burford Capital Group may also elect to forego hedging. Accordingly, the holders of the bonds ("Bondholders") may be exposed to exchange rate risks between U.S. dollars (or other non-sterling currency) and sterling such that if the value of the U.S. dollar (or other non-sterling currency) falls relative to sterling, the Burford Capital Group's assets will, in sterling terms, be worth less.

Evaluation and disclosure of investments and investment performance
Details of investments that the Burford Capital Group has or is pursuing or intends to pursue, cannot and will not be disclosed on a named or detailed basis to Bondholders because of confidentiality and other restrictions. To this extent, Bondholders will therefore not have an opportunity to evaluate for themselves such investments and therefore Bondholders will be dependent upon the Burford Capital Group's judgement and ability in investing and managing its assets.

Recovery collection risks
The Burford Capital Group is exposed to credit risk in various investment structures, most of which involve investing sums recoverable only out of successful investments with a risk of loss of its investment cost. On becoming contractually entitled to proceeds, depending on the structure of the particular investment, the Burford Capital Group could be a creditor of, or otherwise subject to credit risk from, a claimant, a defendant, both or other parties. Moreover, the Burford Capital Group may be indirectly subject to credit risk to the extent a defendant does not pay a claimant immediately, notwithstanding successful adjudication of a claim in the claimant's favour. Part of the case selection process for investment involves an assessment by the Burford Capital Group of the ability of the defendant to pay a judgment or award if the case is successful. If the defendant is unable to pay or the claimant or defendant challenges the judgment or award, the Burford Capital Group may encounter difficulties in recovery.

Potential commitments in excess of funds raised
The Burford Capital Group may contract for commitments in matters in excess of its total funds. While the Burford Capital Group intends to manage its investment portfolio in such a manner as to minimise the risk of a mismatch between commitments and available cash, it is possible that such a mismatch will occur, which could cause damage to the Burford Capital Group and the potential loss of business and financial relationships.

Reliance on lawyers
The Burford Capital Group is particularly reliant on lawyers to litigate claims and defences with due skill and care. If they are not able to do this, or do not do this for other reasons, it is likely to have a material adverse effect on the value of the Burford Capital Group's investment. Whilst the Burford Capital Group will evaluate the lawyers involved in any investment (who are generally not selected by the Burford Capital Group), there is no guarantee that the outcome of a case will be in line with the lawyers' assessment of the case or in line with the expected skill and care from the lawyers.

Changes in regulation
The Burford Capital Group is subject to regulatory requirements currently and may be subject to additional regulatory requirements both in its current areas of activity and any future areas of activity. The Burford Capital Group will be under a duty to comply with any new rules, regulations and laws applicable to it. Compliance with these rules, regulations and laws could create additional burdens for the Burford Capital Group and could have a material adverse effect on the investment strategies of, and/or the value of, direct or indirect business or financial interests of the Burford Capital Group.

Legal professional duties
The Burford Capital Group will generally not wholly own or control a claim in which it has invested, and as a result the Burford Capital Group will not be the client of the law firm representing the owner of the claim that is the subject of an investment or financing of the Burford Capital Group. Accordingly that law firm may be required to act in accordance with its client's wishes rather than those of the Burford Capital Group or may be subject to an overriding duty to the courts.

Operational risks
Operational risks, including the risk of fraud and other criminal acts carried out against the Burford Capital Group, are inherent in the Burford Capital Group’s business. As the Burford Capital Group’s business grows in size and complexity, and in particular as the Burford Capital Group enters new markets, operational risk increases.

Operational risk and losses can result from external and internal fraud, failures or inadequacies in systems or processes, failure to comply with regulatory requirements and conduct of business rules, errors by employees, natural disasters or the failure of external systems, for example, those of the Burford Capital Group’s contractual counterparties. The Burford Capital Group has implemented a risk management framework which seeks to maintain residual risk exposures within defined risk appetite thresholds, and appropriate resources are devoted to developing efficient procedures, including the identification and rectification of weaknesses. However, it is not possible to implement procedures which fully control each of the operational risks noted above.

Terrorist acts, other acts of war or hostility and geopolitical, pandemic or other such events may result in economic and political uncertainties which could have a material adverse effect on U.S., U.K. and international economic conditions and more specifically on the Burford Capital Group’s results of operations, financial condition or prospects. In addition, an incident incapacitating the Burford Capital Group’s management or systems could impact on the Burford Capital Group’s ability to carry on its business.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Burford Capital Group will be unable to comply with its obligations as a company with securities admitted to the Official List of the Financial Conduct Authority.

Reliance on key personnel
The Burford Capital Group’s performance is, to a large extent, dependent upon the judgement and ability of its senior management to implement the Burford Capital Group’s strategy to use and commit the Burford Capital Group’s capital and finance, manage and realise returns on its investments. The success of the Burford Capital Group will therefore depend largely upon the ability of certain members of its senior management and the Burford Capital Group’s ability to train, motivate and retain them to ensure their continuing availability. The death, incapacity or loss of the service of any of its senior management could have a material adverse impact on the business of the Burford Capital Group.

In addition, the Burford Capital Group’s performance may be limited by its ability to employ, train, motivate and retain sufficient skilled personnel. Such a failure to retain or recruit suitable replacements for significant numbers of skilled personnel could damage the Burford Capital Group’s business.

The Burford Capital Group's operations are dependent on the proper functioning of information technology systems

The Burford Capital Group relies on its information technology ("IT") systems to conduct its business, including key account management, documentation, producing financial and management reports on a timely basis and maintaining accurate records. The Burford Capital Group's processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of the IT systems and/or third-party infrastructure on which the Burford Capital Group relies could lead to costs and disruptions that could adversely affect the Burford Capital Group's reputation, business, results of operations, financial condition and prospects.

Computer and data-processing systems are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network problems). A significant malfunction or interruption of one or more of the Burford Capital Group's computer or data-processing systems could adversely affect the Burford Capital Group's ability to keep its operations running efficiently and affect service availability. In addition, it is possible that a malfunction of the Burford Capital Group's data system security measures could enable unauthorised persons to access sensitive data, including information relating to the Burford Capital Group's intellectual property or litigation or business strategy or those of its customers. Any such malfunction or disruptions could cause economic losses. A failure of the Burford Capital Group's IT systems could also cause damage to its reputation which could harm its business. Any of these developments, alone or in combination, could have a material adverse effect on the Burford Capital Group's business, financial condition and results of operations.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with notes admitted to the Official List of the Financial Conduct Authority.

Tax risks

Characterisation of investments

Tax laws and regulations are under constant development and often subject to change as a result of government policy. The Burford Capital Group structures investments on a case-by-case basis in accordance with legal and ethical principles and limitations identified by the Burford Capital Group and its professional advisors. There is no guarantee that a state, federal or other governmental taxing authority in the jurisdiction where the investment is made or where the relevant claim is pending will accept, for tax or other regulatory purposes, the characterisation of the investment as intended and documented by the Burford Capital Group and reflected in the investment documents. Taxing or other regulatory authorities may deem the transaction to be characterised differently for local tax or other regulatory purposes, which could yield a different tax or regulatory treatment of the associated investment returns.

If the Burford Capital Group or a taxing authority does re-characterise investment contracts or disbursements for their accounting or taxing purposes respectively, this could result in additional tax being assessed on the Burford Capital Group on investment returns associated with the contract; a write down of the value of the investment asset on the books of the Burford Capital Group; or a re-characterisation of the investment contract for purposes of interpretation or enforcement of the Burford Capital Group's rights in a place whose courts have jurisdiction over the enforcement of the investment contract or judgment or arbitral award based on such contract.

Tax leakage

Some or all revenues earned by the Burford Capital Group may be subject to a significant income or corporate income tax liability (including withholdings) which cannot be reclaimed by the Burford Capital Group. If applicable, the rates of such taxes (or withholdings) will depend on the jurisdiction in which the revenues are earned (or with which they are connected) and will reduce the net returns on the Burford Capital Group's investments and, as a result, diminish the potential value of the Burford Capital Group's assets.

Changes in taxation legislation or regulation may adversely affect the Burford Capital Group or Bondholders

Any change in the Burford Capital Group's tax status, or in taxation legislation in any jurisdiction in which the Burford Capital Group carries on, or is deemed to carry on, a trade or business or from which its income is sourced, could affect the value of its investments and the Burford Capital Group's ability to achieve its investment objective, and may adversely affect returns to Bondholders.

Directors' responsibilities statement
The Directors are responsible for preparing the strategic report, 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 period. Under that law the directors are required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (EU) and have elected to prepare the parent company financial statements in accordance with applicable United Kingdom law and United Kingdom accounting standards including FRS 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 Group and Company and of the profit or loss for that period.

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

- select suitable accounting policies for the Group and Company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors, to the best of their knowledge, state that:

- The consolidated financial statements, prepared on the basis of IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU and in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The parent company financial statements, prepared in accordance with FRS 101 'Reduced Disclosure Framework', give a true and fair view of the assets, liabilities, financial position and performance of the company.
- The management report, which is incorporated in the strategic report and directors' report, includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that they face.

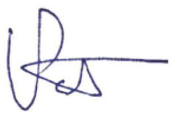
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements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

Disclosure of information to the auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Burford Capital PLC Group
Directors' report
31 December 2020

Auditors
Ernst and Young LLP were appointed as auditors of the Group on 6 February 2015 in accordance with S487 of Companies Act 2006 and have expressed their willingness to continue in office.

Approved by the board and signed on its behalf by:



L Paster
Director

30 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURFORD CAPITAL PLC

Opinion

In our opinion:

- Burford Capital PLC's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Burford Capital PLC (the 'parent company') and its subsidiaries (together, the 'Group') for the year ended 31 December 2020 which comprise:

Group*	**Parent company***
Consolidated balance sheet as at 31 December 2020	Company balance sheet as at 31 December 2020
Consolidated income statement for the year then ended	Company statements of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 21 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 21 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included;

- Confirming our understanding of the Directors' going concern assessment, which covers twelve months post approval of the balance sheet, by engaging directly throughout the audit process to ensure all key factors are appropriately considered within the assessment;

- Obtaining the Directors' going concern assessment which comprised cashflow expectations and details on the liquidity and cash position of the ultimate parent guarantor;

- Holding discussions with the Directors on whether events or conditions exist that, individually or collectively, may cast significant doubt of the Parent Company and Group's ability to continue as a going concern;

- Reading the going concern disclosures included in the Annual Report and Financial Statements to assess appropriateness and conformity with the reporting standards

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of management override of controls to manipulate the measurement of retail bonds and covenants
Materiality	• Overall group materiality of £3.2m which represents 0.75% of total assets.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we performed audit procedures covering all entities within the consolidated Group.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to Those Charged with Governance
Risk of management override of controls to manipulate the measurement of retail Bonds and covenants (£365m, (2019: £365m)) *Refer to the Accounting policies (pages 16-17); and Note 11 of the Financial Statements (page 20).* The Parent Company and Group has in issue three retail bonds to the value of £365 million. The principal risk to the Parent Company and Group is the ability to service the capital and interest payments which is dependent on the performance of Burford Capital Limited (the 'Ultimate Group'). The terms of the Bonds require that as long as they remain outstanding, the Ultimate Group is required to ensure that at each reporting date, the Ultimate Group leverage ratio (as defined in the Bonds documents) is not more than 1:2 (excluding certain subsidiaries).	To obtain sufficient audit evidence to conclude on the measurement of the Bonds, we: • Read and considered the relevant sections of the Bonds issue documents in connection with the terms of the Bonds and confirmed that the Bonds were appropriately disclosed and recorded in the financial statements. • Confirmed that the Bonds continue to be recorded at the balance sheet date at amortised cost using the effective interest rate method. We validated the completeness, accuracy and integrity of the calculation by reperforming and agreeing the inputs to the Bonds issue documents.	We concluded that the accounting of the retail Bonds is in accordance with IFRS and FRS101 and the appropriate disclosures have been made in the financial statements. We concluded the carrying value of the retail Bonds were reasonably stated. At 31 December 2020, we confirmed the leverage ratio of the Ultimate Group did not exceed the 1:2 limit as stated in the Trust Deeds or Bonds documents. We concluded that management's assessment as to the Ultimate Group's ability to continue to support such covenants and to continue to assist the Parent Company in meeting its liabilities as they fall due, and the disclosures included in the financial statements with respect to this assessment, are appropriate.

Given the significance of the results of the Ultimate Group to the compliance with covenants, we considered this a key audit matter.	• Recalculated the leverage ratio calculation provided to us by management and agreed the underlying figures to the Ultimate Group financial statements. We obtained the Trust Deeds and ensured the terms per the agreements were reflected in the calculations. We considered the results of the Ultimate Group in assessing that the Parent Company has satisfied the requirements of the Bonds covenant. • We performed testing to evaluate whether the covenant requirements would be met under base and stressed scenarios and considered the level of headroom under these scenarios, and whether the Ultimate Group would be in a position to continue to assist the Parent Company in meeting its liabilities as they fall due under such scenarios.	

In the prior year, our auditor's report included a key audit matter in relation to Measurement of the retail Bonds and compliance with covenants. There has been no change in the identified risk, we have updated the narrative of the key audit matter to provide more detail.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £3.5 million (2019: £3.8 million), which is 0.75% (2019:0.75%) of total assets. We believe that total assets is the primary measure used by the stakeholders in assessing the performance of the Group, and is therefore our basis for materiality.

We determined materiality for the Parent Company to be £3.2 million (2019: £3.2 million), which is 0.75% (2019: 0.75%) of total assets.

During the course of our audit, we reassessed initial materiality and updated its calculation to align with the year-end total assets figure.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2019: 50%) of our planning materiality, namely £1.7m (2019: £1.8m). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the Financial Statements did not exceed our materiality level.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with Those Charged with Governance that we would report to them all uncorrected audit differences in excess of £0.2m (2019: £0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement [set out on page…], 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 group and parent 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 group or the parent 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the financial reporting framework, and the UK Listing Authority Rules ('UKLA') as defined by the Financial Conduct Authority ('FCA')

- We understood how the Parent Company is complying with those frameworks by making enquiries of the Directors and we gained an understanding of the Board's approach to governance regarding:
    - Directors' process for identifying and responding to fraud risks, including programs and controls the Parent Company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; and
    - how management monitors those programs and controls
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by identifying the misstatement of the (i) measurement of retail Bonds and covenants and (ii) measurement of loan interest income as fraud risks. We considered the controls the Parent Company has established to address risk identified by the Directors' or that otherwise seek to prevent, detect or deter fraud and how management and those charged with governance monitor those controls. We also considered the existence of any stakeholder influences which may cause management to seek to manipulate the financial performance and did not note any.
- We designed audit procedures that involved inquiries of those charged with governance; and performance of journal entry testing based on our risk assessment and understanding of the business, with a focus on non-standard journals and those relating to areas with an identified associated fraud risk, as described above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Company on 6 February 2015 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ended 31 December 2014 to 31 December 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to those charged with governance.

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.

Christopher James Matthews, FCA (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, statutory auditor
Guernsey, Channel Islands

Date: 30 April 2021

Notes:
1. The maintenance and integrity of the Burford Capital Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Burford Capital PLC Group
Consolidated income statement
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Income			
Income	3	17,991	20,581
Operating expenses	4	(3,748)	(3,730)
Foreign exchange movements		(10,633)	(11,881)
Operating profit		3,610	4,970
Finance costs	5	(21,150)	(21,086)
Bank interest income received	6	29	107
Loss before tax on ordinary activities	8	(17,511)	(16,009)
Tax on ordinary activities	8	544	(733)
Loss after tax on ordinary activities for the year		(16,967)	(16,742)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(16,967)	(16,742)

The above income statements should be read in conjunction with the accompanying notes

Burford Capital PLC Group
Consolidated and company balance sheets
As at 31 December 2020

	Note	Consolidated 2020 £'000	Consolidated 2019 £'000	Company 2020 £'000	Company 2019 £'000
Assets					
Non-current assets					
Investments in subsidiaries	9	-	-	342,694	342,694
Loans receivable from fellow group undertakings	10	411,777	422,823	79,400	79,400
Total non-current assets		411,777	422,823	422,094	422,094
Current assets					
Cash and cash equivalents		280	19,396	28	4
Receivables due from fellow group undertakings	11	49,864	58,006	4,195	603
Total current assets		50,144	77,402	4,223	607
Total assets		461,921	500,225	426,317	422,701
Liabilities					
Non-current liabilities					
Creditors: Amounts falling due after more than one year	12	363,000	362,607	363,000	362,607
Total non-current liabilities		363,000	362,607	363,000	362,607
Current liabilities					
Creditors: Amounts falling due within one year	13	60,873	82,603	39,064	18,475
Total current liabilities		60,873	82,603	39,064	18,475
Total liabilities		423,873	445,210	402,064	381,082
Net assets		38,048	55,015	24,253	41,619
Equity					
Called up share capital	16	7,050	7,050	7,050	7,050
Other Reserves	17	73,194	73,194	73,194	73,194
Accumulated losses		(42,196)	(25,229)	(55,991)	(38,625)
Total equity		38,048	55,015	24,253	41,619

The loss of the Company for the financial year is £(17,366,000) (2019 - £(7,407,000)).

These financial statements of Burford Capital PLC, company number 09077893 were approved and signed by the Directors

L Paster
Director

C Arnott
Director

30 April 2021

The above balance sheets should be read in conjunction with the accompanying notes

Burford Capital PLC Group
Consolidated and company statements of changes in equity
For the year ended 31 December 2020

Consolidated	**Share capital £'000**	**Share premium £'000**	**Revenue reserves £'000**	**Total equity £'000**
Balance at 1 January 2019	7,050	73,194	(8,487)	71,757
Loss after tax on ordinary activities for the year	-	-	(16,742)	(16,742)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(16,742)	(16,742)
Balance at 31 December 2019	7,050	73,194	(25,229)	55,015

Consolidated	**Share capital £'000**	**Share premium £'000**	**Revenue reserve £'000**	**Total equity £'000**
Balance at 1 January 2020	7,050	73,194	(25,229)	55,015
Loss after tax on ordinary activities for the year	-	-	(16,967)	(16,967)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(16,967)	(16,967)
Balance at 31 December 2020	7,050	73,194	(42,196)	38,048

Company	**Share capital £'000**	**Share premium £'000**	**Revenue reserve £'000**	**Total equity £'000**
Balance at 1 January 2019	7,050	73,194	(31,218)	49,026
Loss after tax on ordinary activities for the year	-	-	(7,407)	(7,407)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(7,407)	(7,407)
Balance at 31 December 2019	7,050	73,194	(38,625)	41,619

Company	**Share capital £'000**	**Share premium £'000**	**Revenue reserve £'000**	**Total equity £'000**
Balance at 1 January 2020	7,050	73,194	(38,625)	41,619
Loss after tax on ordinary activities for the year	-	-	(17,366)	(17,366)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(17,366)	(17,366)
Balance at 31 December 2020	7,050	73,194	(55,991)	24,253

The above statements of changes in equity should be read in conjunction with the accompanying notes

Burford Capital PLC Group
Consolidated statement of cash flows
For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss for the period before tax	(17,511)	(16,009)
Adjusted for:		
Finance costs	21,150	21,086
Effect of exchange rate changes	10,633	11,881
Adjusted cash flows from operating activities	14,273	16,958
Changes in working capital		
Decrease/(increase) in receivables	8,686	(57,784)
(Decrease)/increase in payables	(21,646)	71,687
Taxation paid	(115)	-
Net cash inflow/(outflow) from operating activities	1,198	30,861
Cash flows from financing activities		
Interest paid on loan capital	(20,725)	(20,725)
Net cash outflow from financing activities	(20,725)	(20,725)
Net (decrease)/increase in cash at bank	(19,527)	10,136
Reconciliation of net cash flow to movements in cash at bank		
Cash at bank at beginning of year	19,396	9,379
(Decrease)/increase in cash at bank	(19,527)	10,136
Effect of exchange rate changes on cash	411	(119)
Cash at bank at end of year	280	19,396

The above statements of cash flows should be read in conjunction with the accompanying notes

1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted
There were no new or amended accounting standards or interpretations effective for the year ended 31 December 2020 which had an effect on the Group's financial position, performance or disclosures. There were no new or amended accounting standards or interpretations announced but not yet effective which are expected to have a material effect.

Basis of preparation
The financial statements of the Group have been prepared in accordance with United Kingdom Company Law and International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and on a going concern basis. The Company financial statements have been prepared in accordance with United Kingdom Company Law and FRS 101 'Reduced Disclosure Framework' and on a going concern basis.

The financial statements have been prepared under the historical cost convention and the numbers are reported in Sterling GBP, which is the presentation and functional currency of the Group, rounded to the nearest £'000 unless otherwise indicated.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The Company has taken advantage of the following exemptions under FRS 101:

- FRS 101.8(b) the requirements of IFRS 3 Business Combinations;
- FRS 101.8(d) the requirements of IFRS 7 Financial Instruments: Disclosures;
- FRS 101.8(e) the requirements of IFRS 13 Fair Value Measurement;
- FRS 101.8(g) the requirements of IAS 1 Presentation of Financial Statements;
- FRS 101.8(h) the requirements of IAS 7 Statement of Cash Flows
- FRS 101.8(i) the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- FRS 101.8(k) the requirements of IAS 24 Related Party Disclosures; and
- FRS 101.8(l) the requirements IAS 36 Impairment of Assets.

Going concern
In considering the going concern basis of preparation of these financial statements the Directors have had regard to a number of factors. The Company and the Group's primary obligation for the forthcoming twelve months is to make the bi-annual interest payments on the bonds as they fall due. From the Group's perspective, Burford Capital Limited has confirmed to the Group that it will assist it in meeting its liabilities as they fall due, to the extent that money is not otherwise available to meet such liabilities.

1. Significant accounting policies (continued)

The full extent to which the COVID-19 pandemic may impact Burford Capital Group's results, operations or liquidity is uncertain. At present the global economy is suffering considerable disruption due to the effects of COVID-19 and Management has given serious consideration to the consequences of this for the Group and for the Guarantor. In assessing the going concern basis of accounting Management has considered ongoing compliance with applicable loan capital covenants, and the year end cash balances and forecast cash flows of both the Group and the Guarantor.

The Group has certain covenants associated with its loan capital and at present, the financial situation of the Guarantor does not suggest that any of these covenants are close to being breached. The analysis performed has considered the extraordinary nature of the current economic situation and included a number of stress tests to examine the possible circumstances which could result in the covenants being breached. Based on this analysis, it is Management's opinion that the circumstances which would give rise to a covenant breach are highly unlikely. The first principal repayment on the Group's loan capital is not due until August 2022.

On this basis, the Directors have a reasonable expectation that the Group has or has access to adequate resources to continue in operation for at least 12 months from the date of approval of these financial statements and has the ability to meet its liabilities as they fall due.

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking, Burford Capital Limited, has agreed to act as Guarantor to the bondholders as described in note 12.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burford Capital PLC ('Company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. Burford Capital PLC Group and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Investments in subsidiaries
Investments are stated at cost less provision for any impairment in value. Investments are reviewed annually for indicators of impairment. Dividends received from subsidiaries are recognised as other income by the parent entity.

1. Significant accounting policies (continued)

Financial instruments
The Group and Company account for financial instruments in accordance with the recognition and measurement provisions of IFRS 9. Impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

The Group monitors the risk of the loan defaulting and is satisfied that any expected credit losses are immaterial as at 31 December 2020 and 2019.

Loans
Loans advanced to fellow group undertakings meet the contractual cash flow test as these cash flows comprise solely payments of principal and interest and are held in a business model to receive those contractual cash flows and are classified as 'financial assets at amortised cost'. These loans are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment calculated under the expected loss model.

Borrowings
Interest bearing loans are initially recorded at the proceeds received, net of issue costs, and subsequently recorded at amortised cost using the effective interest rate method.

Finance costs are recorded on an accrual basis in the consolidated income statement using the effective interest method and added to the carrying amount.

Tax
Corporation tax is provided on taxable profits at the current rate.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be sustainable profits from which the future reversal of the underlying temporary differences can be deducted. Temporary differences are differences between the Group's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Cash
Cash comprises cash held in bank accounts.

Expenses
All expenses are accounted for on an accruals basis.

Foreign Currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

1. Significant accounting policies (continued)

Interest income
Interest income is calculated using the effective interest rate method and is recognised on an accruals basis.

Other income
Other income includes recharge of guarantor fee and dividends received from subsidiary undertakings. Guarantor fee income is recognised over the year on the accruals basis and dividend income when the right to receive payment is legally established.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The most significant judgements, estimates and assumptions are discussed below.

Going concern
The most significant judgement relates to the assessment of going concern and the Group's ability to service its capital and interest payments is dependent on the performance of the Burford Capital Group. This is reviewed in more detail in the Report of Directors and the Strategic Report and in accounting policy 1 above.

Investments in Subsidiaries
The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

3. Income

	Consolidated	
	2020	**2019**
	£'000	**£'000**
Recharge of Guarantor fee	3,650	3,650
Intra-group Guarantor fee receivable	363	351
Intra group interest income	13,978	16,580
Income	17,991	20,581

Burford Capital PLC Group
Notes to the financial statements
31 December 2020

4. Operating expenses

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

	Consolidated 2020 £'000	2019 £'000
Guarantor fee (note 20)	3,650	3,650
Statutory audit fee to Ernst & Young LLP	60	60
Other costs	34	20
Taxation consultancy fees	4	-
	3,748	3,730

There were no non-audit services rendered by Ernst & Young during the period.

5. Finance costs

	Consolidated 2020 £'000	2019 £'000
Interest and finance charges on 6.5% 2022 bond	5,856	5,844
Interest and finance charges on 6.125% 2024 bond	6,292	6,268
Interest and finance charges on 5% 2026 bond	9,002	8,974
Total Finance costs	21,150	21,086

6. Bank interest income received

	Consolidated 2020 £'000	2019 £'000
Bank interest income received	29	107

7. Staff costs

There were no staff costs for the year ended 31 December 2020.

The remuneration of the directors is paid by the directors' employing company within the Burford Capital Group. The directors consider that it is not practical to allocate their time and that the costs of their services to the Group are immaterial and accordingly no remuneration has been apportioned to the Group.

8. Tax on ordinary activities

	Consolidated 2020 £'000	Consolidated 2019 £'000
Tax on ordinary activities		
Current tax	158	608
Adjustment recognised for prior periods	(702)	125
Aggregate tax (credit)/charge on ordinary activities	(544)	733
Numerical reconciliation of tax on ordinary activities and tax at the statutory rate		
Loss before tax on ordinary activities	(17,511)	(16,009)
Tax (credit)/charge at the statutory tax rate of 19%	(3,327)	(3,042)
Adjustment recognised for prior periods	(702)	125
Current year tax losses not recognised	246	924
Deferred tax losses not recognised	936	391
Costs not allowable for tax	2,303	2,335
Tax (credit)/charge on ordinary activities	(544)	733

The Company has cumulative tax losses which arose in the UK of £4,011,000 (2019: £6,360,000) that are available indefinitely for offset against future taxable profits. Following the introduction of Corporate Interest Restriction ('CIR') from 1 April 2017, £10,596,000 (2019: £5,851,000) of the Group's finance costs have been disallowed for tax. These are potentially deductible in future periods subject to the CIR rules.

Deferred tax assets have not been recognised in respect of these as there is uncertainty over the recoverability.

9. Investments in subsidiaries

	Consolidated 2020 £'000	Consolidated 2019 £'000	Company 2020 £'000	Company 2019 £'000
Investments in subsidiaries	-	-	342,694	342,694

At 31 December 2020, investments in group undertakings were as follows, all of which are directly owned subsidiaries:

The Company	Principal activity	Registered office	Class of shares held	Proportion held
Burford Investments Limited	Group financing company	8th Floor Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	100%
Burford Global Investments Limited	Group financing company	8th Floor Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	100%

10. Loans receivable from fellow group undertakings

	Consolidated			Company
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Loans receivable from fellow group undertakings	411,777	422,823	79,400	79,400

The carrying value of these loans is equivalent to their fair value.

Consolidated
Burford Global Investments Limited loaned $90m to Burford Capital LLC, a fellow subsidiary of the Burford Capital Group. The terms of the loan, since inception, are that it is payable on demand and interest is charged at a fixed rate of 7.0%.

Burford Global Investments Limited loaned $135m to Burford Capital LLC, a fellow subsidiary of the Burford Capital Group. The terms of the loan, since inception, are that it is payable on demand and interest is charged at a fixed rate of 6.5%.

Burford Investments Limited loaned $228m to Ollivets Investments Limited, a fellow subsidiary of the Burford Capital Group. The terms of the loan, since inception, are that it is repayable on demand and interest is charged at 1 year LIBOR plus 0.25%.

The Directors have no intention however of demanding repayment of this debt within 12 months of the date of signing these financial statements.

Company
The Company loaned £79m to Burford Capital Holdings (UK) Limited, a fellow subsidiary of the Burford Capital Group. The terms of the loan, since inception, are that it is interest free and repayable on demand.

The Directors have no intention however of demanding repayment of this debt within 12 months of the date of signing these financial statements.

11. Receivables due from fellow group undertakings

	Consolidated			Company
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Receivables due from fellow group undertakings	8,476	8,801	4,195	603
Loan receivable from fellow group undertakings	41,388	49,205	-	-
	49,864	58,006	4,195	603

All above balances are payable on demand and interest free.

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

	Consolidated 2020 £'000	Consolidated 2019 £'000	Company 2020 £'000	Company 2019 £'000
As at 1 January	366,571	366,209	366,571	366,209
Finance charge (note 5)	21,150	21,087	21,150	21,087
Interest paid	(20,725)	(20,725)	(20,725)	(20,725)
As at 31 December	366,996	366,571	366,996	366,571

	Consolidated 2020 £'000	Consolidated 2019 £'000	Company 2020 £'000	Company 2019 £'000
Split:				
Loan capital	365,000	365,000	365,000	365,000
Bond issue costs to be charged as finance costs	(2,000)	(2,393)	(2,000)	(2,393)
Creditors due in more than one year	363,000	362,607	363,000	362,607
Loan capital interest payable (note 13)	3,996	3,964	3,996	3,964
	366,996	366,571	366,996	366,571

The Group has issued the following retail bonds listed on the London Stock Exchange's Order Book for Retail Bonds:

Issuance Date	**19 August 2014**	**26 April 2016**	**1 June 2017**
Face amount	£90,000,000	£100,000,000	£175,000,000
Maturity date	19 August 2022	26 October 2024	1 December 2026
Interest rate per annum	6.50%	6.125%	5.00%
Fair value at 31 December 2020	£89,820,000	£97,975,000	£161,744,000
Fair value at 31 December 2019	£90,743,000	£97,125,000	£158,156,000

The bonds are classified as level 1 in the fair value hierarchy.

The fair value equivalents for the Group's retail bonds are based on the last traded price for each bond observed on the London Stock Exchange's Order Book for Retail Bonds.

The Bonds constitute unsecured debt obligations of the Issuer, Burford Capital PLC. The ultimate parent, Burford Capital Limited, is the Guarantor for interest and capital repayments as they fall due.

So long as any Bonds remain outstanding, Burford Capital Limited is required to ensure that at each reporting date, the Burford Capital Group leverage ratio (as defined in the Bond documents and excluding certain identified subsidiaries) is no more than 1:2 (50%).

13. Creditors: Amounts falling due within one year

	Consolidated			Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loan interest payable (note 12)	3,996	3,964	3,996	3,964
Accruals	63	58	31	33
Payable due to fellow group undertakings	56,814	78,464	35,037	14,478
Other creditors	-	117	-	-
	60,873	82,603	39,064	18,475

Refer to note 15 for further information on risk management.

Included within payable due to fellow group undertakings, is a loan from Ollivets Investments Limited, a fellow subsidiary of the Burford Capital Group to Burford Capital Global Investments, of £43,226,000 (2019: £68,130,000). The terms of the loan, since inception, are that it is payable on demand and interest free. All other balances due to fellow group undertakings are payable on demand and interest free.

14. Changes in liabilities arising from financing activities

A summary of the changes arising from cash flows and non-cash changes is shown below.

	Consolidated £'000	Company £'000
Balance at 1 January 2019	366,209	366,209
Net cash from financing activities		
Interest paid	(20,725)	(20,725)
Non-cash flows		
Interest expense	20,694	20,694
Amortisation of Bond issue costs	393	393
Balance at 31 December 2019	366,571	366,571
Net cash from financing activities		
Interest paid	(20,725)	(20,725)
Non-cash flows		
Interest expense	20,756	20,756
Amortisation of Bond issue costs	394	394
Balance at 31 December 2020	366,996	366,996

15. Risk Management

Currency risk
The Group's assets are denominated in currencies other than Pound Sterling, the functional currency of the Group.

15. Risk Management (continued)

The exposure of the Group's net assets/(liabilities) to currency risk can be analysed as follows:

	2020 £'000	2019 £'000
Sterling	(294,285)	(297,325)
US Dollar	332,333	352,340
Net Assets	38,048	55,015

A 10% strengthening of Pound Sterling against the US dollar as at the reporting date would reduce the Group income by £33,233,000 (2019 £35,235,000). This analysis assumes that all other variables remain constant.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's Bonds and most of the loans advanced to other Burford Group undertakings incur interest at a fixed rate and so are not exposed to changes in market interest rates.

	2020 £'000	2019 £'000
Interest bearing - fixed rate	(200,153)	(194,674)
Interest bearing - floating rate	208,918	222,303
Non-interest bearing	29,283	27,386
Net Assets	38,048	55,015

If interest rates increased/decreased by 25 basis points while all other variables remained constant, the profit for the year and net assets would increase/decrease by £547,000 (2019: £556,000). Fixed rate liabilities include the loan capital as disclosed in note 12.

Credit risk
The Group is exposed to credit risk on the loans to other Burford Capital Group undertakings and amounts due from fellow Group undertakings. The amounts are repayable on demand but the Directors' have confirmed that there is no intention of demanding repayment within 12 months of the date of signing these financial statements. The Group monitors the risk of the loan defaulting and is satisfied that any expected credit losses are immaterial as at 31 December 2020 and 2019.

The Group also holds cash with a reputable bank with a sound credit rating.

The maximum credit risk exposure represented by cash is as stated on the statement of financial position.

Liquidity risk
The Group is exposed to liquidity risk. The proceeds raised through the issue of the Bonds have been lent to its other Burford Capital Group undertakings. The terms of the loans are that they are repayable on demand (see note 10) which reduces this risk however the other Burford Group undertakings need to have sufficient funds available to repay the loans. As detailed in note 12 its ultimate parent company, Burford Capital Limited will provide continuing financial support to enable the Group to meet its liabilities as and when they fall due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

15. Risk Management (continued)

31 December 2020	**Current liabilities £'000**	**Bond interest £'000**	**Bond principal £'000**	**Total £'000**
Less than 3 months	56,878	2,925	-	59,803
3 to 6 months	-	7,437	-	7,437
6 to 12 months	-	10,363	-	10,363
1 to 5 years	-	59,225	190,000	249,225
More than 5 years	-	8,750	175,000	183,750
Total undiscounted cash outflows	56,878	88,700	365,000	510,578

31 December 2019	**Current liabilities £'000**	**Bond interest £'000**	**Bond principal £'000**	**Total £'000**
Less than 3 months	78,524	2,925	-	81,449
3 to 6 months	-	7,437	-	7,437
6 to 12 months	-	10,363	-	10,363
1 to 5 years	-	71,200	190,000	261,200
More than 5 years	-	17,500	175,000	192,500
Total undiscounted cash outflows	78,524	109,425	365,000	552,949

16. Called up share capital

				Consolidated
	2020 Shares	**2019 Shares**	**2020 £'000**	**2019 £'000**
Ordinary shares - fully paid	7,050,001	7,050,001	7,050	7,050

				Company
	2020 Shares	**2019 Shares**	**2020 £'000**	**2019 £'000**
Ordinary shares - fully paid	7,050,001	7,050,001	7,050	7,050

The authorised and issued share capital is 7,050,001 (2019: 7,050,001) shares of £1 par value.

Capital risk management
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

17. Other Reserves

	Consolidated		Company	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Share premium reserve	73,194	73,194	73,194	73,194

18. Capital commitments

On 12 February 2018, Burford Capital Finance LLC, a fellow subsidiary of the Burford Capital Limited Group, issued retail bonds to the value of $180m. The bonds are listed on the London Stock Exchange's Order Book for Retail Bonds and have a 7.5 year term, maturing on 12 August 2025, and a fixed coupon of 6.125% payable bi-annually.

The Bonds constitute unsecured debt obligations of the Issuer, Burford Capital Finance LLC. The Group and the ultimate parent, Burford Capital Limited have jointly and severally, unconditionally and irrevocably guarantee interest and capital repayments as they fall due.

19. Events after the reporting period

On 5 April 2021, Burford Capital Global Finance LLC, a group company, issued notes to the value of $400m. The notes were privately offered and held in book-entry form only through The Depository Trust Company. The notes have a 7 year term, maturing on 15 April 2028, and a fixed coupon of 6.25% payable bi-annually.

The notes constitute unsecured debt obligations of the Issuer, Burford Capital Limited, the ultimate parent, Burford Capital Finance LLC, a fellow subsidiary and the Company, are jointly and severally Guarantors for interest and capital repayments as they fall due.

With the exception of the above no matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

20. Related party transactions

Parent entity
Burford Capital PLC is the parent entity.

Burford Capital PLC Group (Consolidated) - Transactions with related parties
The following transactions with related parties took place at arm's length terms agreed between the parties during the financial period:

	Consolidated	
	2020	**2019**
	£'000	**£'000**
Loan interest income from other Burford Group entities	13,978	11,264
Guarantor fee and other income receivable from other Burford Group entities	4,013	1,700
Guarantor fees payable to other Burford Group entities	(3,650)	(1,350)
Net transactions with parent entity	955	223
Net other transactions with other Burford Group entities	(184)	(60)

20. Related party transactions (continued)

Burford Capital PLC Group
Transactions with the parent entity related to the transfer of tax losses. At 31 December 2020 the balance due to the parent entity was £2,937,000 (2019: £6,911,000)

The Group has made a series of loans to Burford Other Group entities (see note 10). At 31 December 2020 the balance on the loans is £453,166,000 (2019: £472,028,000) and the Group is owed interest of £894,000 (2019: £8,068,000).

The Group has received a loan from another Burford Other Group entities (see note 14). At 31 December 2020 the balance on the loans is £43,226,000 (2019: £68,130,000) and the group owes interest of £nil (2019: $nil).

At 31 December 2020 the balance due from other Group entities relating to guarantor fee, interest and other receivables was £8,475,000 (2019: £8,801,000).

At 31 December 2020 the balance due to other Group entities relating to the guarantee fees and other payables was £10,651,000 (2019: £3,414,000).

Burford Capital PLC (Company)
The Company has taken advantage of the exemptions available in FRS 101 for IAS 24 'Related Party Disclosures' from disclosing details of transactions with other wholly owned subsidiaries in the Group.

David Lowe, retired as a non-executive director of Burford Capital Limited, the ultimate parent and Guarantor of the Bonds on 13 May 2020, he owned £300,000 nominal of the 6.5% 2022 bonds at that date and at 31 December 2020.

There are no other related party transactions that need to be disclosed here.

21. Ultimate parent & controlling party

The immediate parent is Burford Capital (UK) Limited, a Company incorporated in the United Kingdom and registered in England & Wales, copies of whose financial statements can be obtained from:

8th Floor Brettenham House
2-19 Lancaster Place
London
WC2E 7EN

The ultimate parent undertaking at the date these financial statements were approved was Burford Capital Limited, which is incorporated and registered in Guernsey. Copies of the Burford Capital Limited consolidated financial statements can be obtained from:

Oak House
Hirzel Street
St Peter Port
Guernsey
GY1 2NP

In the opinion of the directors, there is no Ultimate Controlling party of the Company.