

# **Therium Litigation Funding (No.3) LLP**

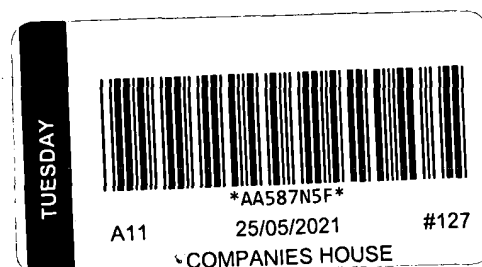
Report and Financial Statements

Year Ended

31 March 2021

Registered No: OC366318

Registered in England



# **Therium Litigation Funding (No.3) LLP**

**Report and financial statements  
for the year ended 31 March 2021**

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## **Members**

J R Byrne  
N A Purslow

## **Registered office**

11 Staple Inn, London, WC1V 7QH

# **Therium Litigation Funding (No.3) LLP**

## **Report of the members for the year ended 31 March 2021**

The members present their report together with the unaudited financial statements for the year ended 31 March 2021.

### **Results for the year and allocation to members**

The loss for the year before members' remuneration and profit shares was £30,837 (2020: £174,211).

### **Principal activity**

The principal activity of the LLP in the year under review was that of funding litigation investments.

### **Designated members**

The designated members during the year were:

J R Byrne  
N A Purslow

### **Members' interests**

Members' interests in the LLP are their share of the profits.

The LLP is closed to new entrants and the policies applicable to members' contributions, repayments and drawings are covered in detail in the Limited Liability Partnership Agreement as dated 30 November 2011.

### **Going concern**

The COVID-19 pandemic has developed rapidly in 2020 and early 2021. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus has impacted economic activity across the globe. The fair value of investments as at 31 March 2021 reflects the conditions known as at that date and factors in the effect of COVID-19 on those valuations. While all relevant impacts of the pandemic have been considered and reflected in the valuations, the Designated Members are aware of the uncertainty of economic conditions.

The members believe that the LLP is well placed to manage its business risks successfully and to continue to be profitable for the foreseeable future. Therefore, the going concern basis has been adopted in preparing these financial statements. Notwithstanding this it should be noted that it is a requirement in the partnership agreement for the LLP that on, or prior to, the 5th anniversary of the partnership and annually thereafter, a meeting of the partners shall be convened for the purpose of passing a resolution that the partnership should continue in existence. The next such meeting to consider a continuation resolution has been convened for the 28 May 2021. The partnership agreement provides that if such a resolution is not passed the partnership shall be put into a voluntary winding up.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small entities.

Approved by the members of the Limited Liability Partnership on 21 May 2021.



J R Byrne  
Designated member

Dated: 21 May 2021

# **Therium Litigation Funding (No.3) LLP**

## **Members' responsibilities statement for the year ended 31 March 2021**

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The members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulation.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members 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 Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Therium Litigation Funding (No.3) LLP

## Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £	2020 £
<b>Turnover</b>	2	-	3,933
Cost of sales	3	1,775	(137,934)
		<hr/>	<hr/>
<b>Gross profit / (loss)</b>		1,775	(134,001)
Administrative expenses		(32,638)	(40,175)
		<hr/>	<hr/>
<b>Operating loss</b>	4	(30,863)	(174,176)
Interest receivable and similar income		39	185
Interest payable and similar charges		(13)	(220)
		<hr/>	<hr/>
<b>Loss for the financial year before members' remuneration and profit shares</b>		(30,837)	(174,211)
		<hr/>	<hr/>
Loss allocated to members	5	30,837	174,211
		<hr/>	<hr/>
<b>Result for the financial year available for discretionary division among the members</b>		-	-
		<hr/>	<hr/>
Other comprehensive income for the year		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year available for discretionary division among the members</b>		-	-
		<hr/>	<hr/>

All of the above activities relate to continuing operations.

The LLP has no recognised gains or losses other than the result for the current or prior year.

The notes on pages 5 to 14 form part of these financial statements.

# Therium Litigation Funding (No.3) LLP

## Balance sheet as at 31 March 2021

<b>Registered number OC366318</b>	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Non current assets</b>			
Debtors	6	300,000	603,315
		<u>300,000</u>	<u>603,315</u>
<b>Current assets</b>			
Debtors	6	303,315	300,738
Cash at bank		121,115	94,163
		<u>424,430</u>	<u>394,901</u>
<b>Creditors: amounts falling due within one year</b>	7	(49,370)	(292,319)
		<u>375,060</u>	<u>102,582</u>
<b>Net current assets</b>			
		<u>375,060</u>	<u>102,582</u>
<b>Total assets less current liabilities and net assets attributable to members</b>		<u>675,060</u>	<u>705,897</u>
<b>Loans and other debts due to members</b>	8	85,434	116,271
<b>Members' other interests</b>			
Capital accounts	9	589,626	589,626
		<u>675,060</u>	<u>705,897</u>
<b>Total members' interests</b>			
Loans and other debts due to members	9	85,434	116,271
Members other interests	9	589,626	589,626
		<u>675,060</u>	<u>705,897</u>

For the periods ending 31 March 2021 and 31 March 2020 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) regulations 2008) relating to small LLPs.

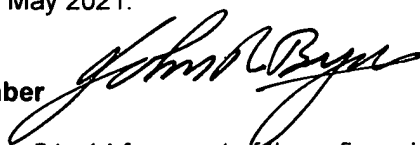
The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small LLPs.

The financial statements were approved and authorised for issue by the members of the Limited Liability Partnership on 21 May 2021.

J R Byrne

Designated member



The notes on pages 5 to 14 form part of these financial statements.

# Therium Litigation Funding (No.3) LLP

## Notes forming part of the financial statements for the year ended 31 March 2021

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### 1 Accounting policies

Therium Litigation Funding (No.3) LLP is a Limited liability Partnership ('LLP') incorporated in England & Wales under the Companies Act. The address of the registered office is given in the contents page. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2018), 'Accounting by Limited Liability Partnerships'.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

#### *Turnover*

Turnover represents a return from the LLP's interest in the litigation cases which it is funding, excluding value added tax. Turnover is recognised on interest in cases in line with the LLP's accounting policy for investments as detailed below.

#### *Members' profit allocations*

A member's non-discretionary profit/loss allocation is accounted for as remuneration charged/credited as an expense in the profit and loss account after arriving at profit for the year before members' remuneration and profit shares.

Undistributed profit is automatically allocated in full to the members' current accounts and accounted for as remuneration charged as an expense in the profit and loss account in line with the members' agreement.

#### *Tax provision*

No provision for tax has been made as each partner will be responsible for their own tax liability.

#### *Cash flow*

The LLP has taken advantage of the exemption in FRS 102 from the requirement to produce a cash flow statement on the grounds that it is a small LLP.

#### *Investments*

##### *Classification*

Unless otherwise determined by the LLP, investments in claims will be designated as financial assets at fair value through profit or loss at initial recognition. The investments in claims will initially be measured as the total cash advanced to claimants under the litigation funding agreement.

##### *Recognition, derecognition and measurement*

The LLP initially recognises financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) on the date at which the LLP becomes party to the contractual provisions of the instrument.

The LLP derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The investments in claims will initially be measured as the cash advanced to claimants under the litigation funding agreement.

# **Therium Litigation Funding (No.3) LLP**

## **Notes forming part of the financial statements for the year ended 31 March 2021 (continued)**

### **1 Accounting policies (continued)**

#### *Recognition, derecognition and measurement (continued)*

Subsequent measurement of investments in claims will be at fair value utilising fair value techniques developed by the LLP. The principal assumptions used when fair valuing are as follows:

- Best estimate of duration of each claim; and
- Best estimate of anticipated outcome.

Movements in fair value arising from changes in assumptions related to each legal claim will be recognised to the income statement.

The value will be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants may take into account when entering into a transaction. Valuation adjustments are recorded to allow for factors relating to each case. Management believes the valuation adjustments are necessary and appropriate to fairly state financial instruments at fair value on the balance sheet. It is management's further belief that the techniques employed when estimating the fair value of an investment in each claim should incorporate irrevocable evidence as to the success of the claim as a fundamental input. Should this input not be available then it is expected that the fair value will equate to the amounts funded given the fundamental uncertainty as to the case outcome.

Fair value will be reviewed quarterly on a case by case basis. Events that may trigger changes to the fair value of each investment in a claim include the following:

- Successful judgement in a claim in which the LLP has an investment;
- Discontinuance of a claim in which the LLP has an investment;
- An adverse judgement in a claim in which the LLP has an investment;
- Unilateral withdrawal by the LLP from a claim in which the LLP has an investment; and
- Settlement of a claim out of Court by a binding agreement.

A fair value decrease corresponds to a perceived impairment in the success of a claim. A fair value increase corresponds to a successful claim or evidence that recovering on the claim is highly probable and that the amount recoverable can be reliably estimated.

#### *Designation at fair value through profit or loss*

The LLP has designated the investments in claims as financial assets at fair value through profit or loss at initial recognition as the investments in claims are to be managed, evaluated and reported internally on a fair value basis.

#### *Significant estimation techniques*

Significant estimation techniques are those disclosed in the accounting policy re investment assets.



# Therium Litigation Funding (No.3) LLP

## Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

#### Going concern

The COVID-19 pandemic has developed rapidly in 2020 and early 2021. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus has impacted economic activity across the globe. The fair value of investments as at 31 March 2021 reflects the conditions known as at that date and factors in the effect of COVID-19 on those valuations. While all relevant impacts of the pandemic have been considered and reflected in the valuations, the Designated Members are aware of the uncertainty of economic conditions.

The members believe that the LLP is well placed to manage its business risks successfully and to continue to be profitable for the foreseeable future. Therefore, the going concern basis has been adopted in preparing these financial statements. Notwithstanding this it should be noted that it is a requirement in the partnership agreement for the LLP that on, or prior to, the 5th anniversary of the partnership and annually thereafter, a meeting of the partners shall be convened for the purpose of passing a resolution that the partnership should continue in existence. The next such meeting to consider a continuation resolution has been convened for the 28 May 2021. The partnership agreement provides that if such a resolution is not passed the partnership shall be put into a voluntary winding up.

### 2 Turnover

The turnover and operating profit for the year was derived from the LLP's principal continuing activity which was carried out wholly in the UK.

### 3 Cost of sales

	2021 £	2020 £
Legal costs associated with asset recovery	(5,934)	262,491
Performance fees payable to related party (see note 11)	7,709	39,215
Realised loss on investments	-	(439,640)
	<u>1,775</u>	<u>(137,934)</u>

### 4 Operating profit

	2021 £	2020 £
This has been arrived at after charging:		
Auditors' remuneration (inclusive of VAT)	-	-
	<u>-</u>	<u>-</u>

### 5 Member's remuneration and profit shares

	2021 £	2020 £
Members' loss allocated to members	(30,837)	(174,211)
	<u>(30,837)</u>	<u>(174,211)</u>

# Therium Litigation Funding (No.3) LLP

## Notes forming part of the financial statements for the year ended 31 March 2021 *(continued)*

### 6 Debtors

	2021 £	2020 £
<u>Non current assets</u>		
Other investments	300,000	603,315
<u>Current assets</u>		
Other investments	303,315	8,747
Other receivables	-	291,991
	<hr/>	<hr/>
Total debtors	<b>603,315</b>	<b>904,053</b>
	<hr/>	<hr/>

Other Investments - Non-current assets of £nil (2020 - £303,315) are investments into litigation cases via related third parties. For further details see note 11.

Other Investments - Current assets of £303,315 (2020 - £nil) are investments into litigation cases via a related third party. See also note 11.

The carrying amount of debtors is a reasonable approximation to fair value.

Other investments have been recognised in accordance with the LLP's stated accounting policy. The Designated Members have made a judgement regarding the likely timing of recoveries of these other investments.

### 7 Creditors: amounts falling due within one year

	2021 £	2020 £
Other creditors – related parties (see note 11)	27,956	268,329
Accruals	21,414	23,990
	<hr/>	<hr/>
	<b>49,370</b>	<b>292,319</b>
	<hr/>	<hr/>

### 8 Loans and other debts due to members

	2021 £	2020 £
Amounts owed to members in respect of profit	85,434	116,271
	<hr/>	<hr/>
Falling due within one year	<b>85,434</b>	<b>116,271</b>
	<hr/>	<hr/>

Amounts owed to members rank after unsecured creditors, and loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up.

# Therium Litigation Funding (No.3) LLP

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 9 Members' interests

	Members other interest					
	Members' capital (classified as equity) £	Reserves £	Total £	Loans and other debts due to members less any amounts due from members in debtors £	Total 2021 £	2020 £
Amounts due to members	589,626	-	589,626	116,271	705,897	910,108
Amounts due from members	-	-	-	-	-	-
Balance at 1 April 2020	589,626	-	589,626	116,271	705,897	910,108
Members' (loss allocated)	-	-	-	(30,837)	(30,837)	(174,211)
Members' interest after loss for the year	589,626	-	589,626	85,434	675,060	735,897
Repayments of capital	-	-	-	-	-	(30,000)
Drawings	-	-	-	-	-	-
Amounts due to members	589,626	-	589,626	85,434	675,060	705,897
Balance at 31 March 2021	589,626	-	589,626	85,434	675,060	705,897

# **Therium Litigation Funding (No.3) LLP**

**Notes forming part of the financial statements  
for the year ended 31 March 2021 (*continued*)**

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## **10 Financial risk management**

The LLP's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The LLP's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the LLP's financial performance.

### **Market risk**

The LLP has no exposure to foreign currency risk on any of its financial instruments.

### **Credit risk**

To mitigate recovery risk in the event of a successful claim, the LLP's funding documentation provides for all claim proceeds to be routed through solicitors who then distribute the proceeds to the LLP and other according to a pre-agreed priority order.

The LLP mitigates any potential risk it may have for adverse cost orders by requiring that its clients take out ATE insurance, where appropriate, to cover this risk.

Short term deposits are with major UK banks. The credit risk associated with these investments is considered to be low.

### **Liquidity risk, cash flow and interest rate risk**

The LLP has no borrowings and is able to manage cashflow tightly to ensure that liquidity risk is kept to an absolute minimum.

The LLP ensures that the full extent of its commitment to cases is fully backed by cash in order to minimise cash flow risk.

### **Capital risk management**

The LLP's objectives when managing capital are to safeguard the LLP's ability to continue as a going concern in order to provide returns for members to maintain an optimal capital structure to reduce the cost of capital.

### **Fair value estimation**

The LLP's investments into litigation cases are held at fair value as described in the detailed accounting policy note 1. All such fair value measurements are level three values due to the unique nature of the underlying assets. Level three assets are assets whose fair value cannot be determined by using observable measures, such as market prices or models. Level three assets are typically reasonably illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges.

# Therium Litigation Funding (No.3) LLP

Notes forming part of the financial statements  
for the year ended 31 March 2021 (*continued*)

## 10 Financial risk management (continued)

### Financial instruments

The LLP's financial instruments may be analysed as follows:

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	724,430	706,225
Financial assets measured at amortised cost	-	291,991
	<u>724,430</u>	<u>998,216</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(49,370)	(292,319)
	<u>(49,370)</u>	<u>(292,319)</u>

Financial assets measured at fair value through profit or loss comprise other investments and cash.

Financial assets measured at amortised cost comprise other debtors.

Financial liabilities measured at amortised cost comprise accruals and other creditors.

# Therium Litigation Funding (No.3) LLP

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 11 Related party disclosures

### Therium (UK) Holdings Limited

Therium (UK) Holdings Limited ("TUKHL") is investment advisor to Therium Litigation Funding (No.3) LLP ("LLP3"). Neil Purslow and John Byrne are directors of TUKHL and are designated members of LLP3.

	Amounts due to LLP3 re Investments (including interest)	
	2021 £	2020 £
Amount owed to LLP3 as at 1 April 2020	303,315	590,813
Foreign exchange difference on amounts invested for the year	-	2,703
Interest paid	-	(28)
Realised fair value movement on investments	-	(148,386)
Investment return paid to LLP3	-	(141,787)
Amount owed to LLP3 as at 31 March 2021	303,315	303,315

The amount returned on investments is dependent on the outcome of the litigation case that the monies have been invested into.

# Therium Litigation Funding (No.3) LLP

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 11 Related party disclosures (continued)

### Therium (UK) Holdings Limited (continued)

	Amounts payable to TUKHL re legal fees	
	2021 £	2020 £
Amount owed to TUKHL as at 1 April 2020	(239,266)	(209,766)
Contribution to legal costs payable	(62,708)	(29,500)
Contribution to legal costs paid	295,372	-
Amount owed to TUKHL as at 31 March 2021	(6,602)	(239,266)

These recharged costs relate to recovering the value on one of the litigation cases the LLP has part funded with TUKHL. The amount payable to TUKHL in respect of legal fees is shown in the balance sheet as Other Creditors (see Note 7).

Under the TUKHL's Investment Advisor Agreement with LLP3 TUKHL charges LLP3 both management and performance fees.

	Management fees payable to TUKHL		Performance fees Payable to TUKHL	
	2021 £	2020 £	2021 £	2020 £
Amount payable to TUKHL as at 1 April 2020	-	-	(29,063)	(68,278)
Amount payable to TUKHL for the year	18,930	27,680	7,709	39,215
Amount paid to TUKHL during the year	(18,930)	(27,680)	-	-
Amount payable to TUKHL as at 31 March 2021	-	-	(21,354)	(29,063)

Management fees payable are all recognised as administrative expenses in the statement of comprehensive income.

Performance fees payable are all recognised as Cost of Sales in the statement of comprehensive income (see also Note 3).

Any amounts payable at the end of the relevant period is shown in the balance sheet as Other Creditors (see Note 7).

# **Therium Litigation Funding (No.3) LLP**

## **Notes forming part of the financial statements for the year ended 31 March 2021 (continued)**

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### **11 Related party disclosures (continued)**

#### **Therium Capital Management Limited**

The designated members Neil Purslow and John Byrne are Directors of Therium Capital Management Limited.

During the year Therium Capital Management Limited loaned the LLP £1,618 (2020 - £26). The loan was made to help the LLP meet short term working capital requirements. No interest was charged to the LLP (2020 - £Nil). There was a repayment of £26 made by the LLP during the year (2020 - £Nil). As at 31 March 2021 £1,618 remained payable to Therium Capital Management Limited (2020 - £26).

#### **Therium Litigation Finance AF IC**

The designated members of the LLP are also directors of Therium Capital Management Limited ("TCML"). TCML's immediate parent company is Therium Group Holdings Limited which also provides litigation advisory services to Therium Litigation Finance AF IC ("TLFAFIC").

During the year ended 31 March 2019 an amount of £300,000 that had previously been invested via Therium (UK) Holdings Limited was assigned to TLFAFIC and remains due from TLFAFIC as at 31 March 2021 (2020 - £300,000). No interest was due on this amount. The investment is shown in non-current debtors (2020 - non-current debtors). The amount returned is entirely dependent on the outcome of the litigation case that the monies have been invested into.

### **12 Ultimate controlling party**

There is no ultimate controlling party.

### **13 Events after the balance sheet date**

It is a requirement in the partnership agreement for the LLP that on, or prior to, the 5th anniversary of the partnership and annually thereafter, a meeting of the partners shall be convened for the purpose of passing a resolution that the partnership should continue in existence. The next such meeting to consider a continuation resolution has been convened for the 28 May 2021. The partnership agreement provides that if such a resolution is not passed the partnership shall be put into a voluntary winding up.