

Therium Capital Management Limited

Report and Financial Statements

Nine Months Ended

31 December 2015

Company Number 06517819

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Therium Capital Management Limited

Report and financial statements for the nine months ended 31 December 2015

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Directors

J R Byrne
N A Purslow
J Cadle

Secretary and registered office

M Middleton, 77 Kingsway, London, WC2B 6SR

Company number

06517819

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Therium Capital Management Limited

Strategic report for the nine months ended 31 December 2015

The directors present their strategic report together with the audited financial statements for the nine months ended 31 December 2015.

Review of business and Future Developments

Therium is one of the leading third party litigation funders in the UK market. Therium focuses on large commercial litigation and arbitration claims. The company continues to provide advice on the funding of third party litigation cases to Therium onshore entities. The company's wholly owned subsidiary, Therium (UK) Holdings Limited, continues to provide advice on the funding of third party litigation cases to Therium offshore entities. The Company and Therium (UK) Holdings have secured 2 new mandates to provide advice to entities during the nine month period and two further mandates since 31 December 2015.

Litigation funding is an increasingly established asset class. Interest in litigation funding has grown considerably following clarification of the position regarding legality and enforceability of such arrangements in England and Wales. Over recent years there has been growing acceptance of the role of third party funding in enabling access to the judicial system for cases that otherwise could not be pursued, supported by the establishment of the Association of Litigation Funders in 2011 of which Therium is a founder member and on whose board Neil Purslow is a Director.

Since the company started trading it has reviewed c1,200 investment opportunities and all cases are subjected to rigorous due diligence procedures by our team of experienced lawyers to ensure only the most robust (both in terms of legal merit and economics) of these are considered for investment. The Company also monitors the investments during their life. The Company has seen a marked increase in enquiries during the course of the past nine months and so in October 2015 the Company recruited two investment officers, with over a decade of experience in the industry between them, to help maximise the opportunities afforded by the strong investment pipeline.

The company sources potential cases for funding principally from solicitors, brokers, insolvency practitioners and other professionals advising on litigation as well as, occasionally, from potential claimants themselves. The company has an existing and growing network of relationships with a wide range of firms of solicitors active in commercial litigation as well as strong links with a number of other relevant intermediaries in the third party funding area in the UK.

Through its 50% indirect shareholding in Novitas Loans Limited the Company is also participating in the development of the market leading provider of loans to family law firms, a strong complimentary business.

On 29 April 2015 Therium Group Holdings Limited, a Jersey based company that became Therium Capital Management's parent company in June 2015, announced a £200m funding facility which will be invested by the Therium group of companies into large scale commercial litigation, group litigation and arbitration globally. With this new facility Therium is moving away from such heavy reliance on the fund management model to deploying its own facilities which is expected to drive superior performance for shareholders through minimising cash drag and fund costs.

During the coming financial year, Therium expects to see strong growth in the demand for litigation funding in the UK and internationally. The Therium group as a whole plans to build on its position as a market leader by utilising funds made available as a result of the private fundraising, developing its relationships with key market participants and increasing its investment activity in step with its increasing resources as it builds scale within the business. At the same time management expects to see the existing portfolios continue to mature, leading the Therium group to augment management fees with performance fees during the year.

Therium Capital Management Limited

Strategic report for the nine months ended 31 December 2015 (*continued*)

Performance during the year

The Company has traded very strongly during the nine months to 31 December 2015 and this is reflected in the results for that period.

	9 Months to 31 December 2015	12 months to 31 March 2015	% change (adjusted for 9 month period)
Turnover	£1,664,364	£279,777	693%
Administration Expenses	£814,127	£787,473	38%
Profit / (Loss) after Tax	£763,007	(£530,272)	292%

This strong trading performance is complimented by the reduction in the Company's net current liabilities from £3,933,888 as at 31 March 2015 to £3,167,317 a reduction of 19.5% for the nine month period.

Given that the company is still in a relatively early stage of its development and the consequential relative simplicity and transparency offered by the primary statements we feel that a more detailed KPI analysis would not add to the understanding of the business. For comments regarding the directors' assessment of the company as a going concern please reference page 9.

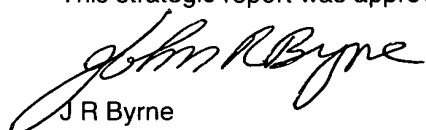
Principal risks and uncertainties

The company is still at a relatively early stage in its growth and the litigation funding market in the UK is still developing. Nevertheless, the company has seen strong demand for its litigation funding product both from within the UK and internationally, despite limited marketing effort from the company during the period.

The principal risk to the company relates to its ability to expand its funds under management which the Company has effectively addressed through the £200 million facility. For detail regarding the company's financial risk management objectives and policies please see note 19 to these financial statements.

Approval

This strategic report was approved by order of the Board on 30 September 2016 and signed on its behalf



J R Byrne

Director

Therium Capital Management Limited

Report of the directors for the nine months ended 31 December 2015

The directors present their report together with the audited financial statements for the nine months ended 31 December 2015. The comparative period is for 12 months ended 31 March 2015.

Results and dividends

The statement of comprehensive income is set out on page 7 and shows the profit for the year.

Financial Risk Management

Detail regarding the Company's financial risk management objectives and policies including narrative on credit risk, liquidity and cash flow can be found in note 19 to these financial statements.

Principal activity and likely future developments

The principal activity of the company in the year under review was the provision of advice on the funding of third party litigation cases to Therium offshore entities. Likely future developments in the business of the Company are considered in the Strategic Report (page 1).

Directors

The directors of the company during the year were:

J R Byrne
N A Purslow
J Cadle (Appointed 29 April 2015)
J Kent (Resigned 29 April 2015)

Directors' responsibilities

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

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

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

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

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

Therium Capital Management Limited

Report of the directors for the nine months ended 31 December 2015 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Going concern

Whilst the company has net liabilities of £3,064,160 at 31 December 2015 (March 2015 - £3,827,167) the directors have continued to prepare the financial statements on a going concern basis because they consider that, given the profit made in the nine months to 31 December 2015 and the revenues that will continue to be generated by the £200m facility in April 2015, the Company can meet its budgeted expenses for the foreseeable future.

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

On behalf of the Board



J R Byrne

Director

30 September 2016

Therium Capital Management Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THERIUM CAPITAL MANAGEMENT LIMITED

We have audited the financial statements of Therium Capital Management Limited for the nine months ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the nine months then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Therium Capital Management Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime

BDO LLP

Anil Kapoor (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

Date 30 September 2016

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

Therium Capital Management Limited

Statement of comprehensive income for the nine months ended 31 December 2015

	Note	Nine months to 31 December 2015 £	Twelve months to 31 March 2015 £
Turnover	2	1,664,364	279,777
Cost of sales		(2,400)	-
Gross profit		1,661,964	279,777
Administrative expenses		(814,127)	(787,473)
Operating profit / (loss)	5	847,837	(507,696)
Interest receivable and similar income	6	88	1,036
Interest payable and similar charges	7	(72,473)	(23,405)
Profit / loss on ordinary activities before taxation		775,452	(530,065)
Taxation on profit / loss from ordinary activities	8	(12,445)	207
Loss for the financial year after taxation		763,007	(530,272)
Other comprehensive income		-	-
Total comprehensive income		763,007	(530,272)

All of the above activities relate to continuing operations.

The company has no recognised gains or losses other than the loss for the current or prior year.


The notes on pages 9 to 22 form part of these financial statements.

Therium Capital Management Limited

Balance sheet at 31 December 2015

<i>Company number 06517819</i>	Note	31 December 2015 £	31 December 2015 £	31 March 2015 £	31 March 2015 £
Fixed assets					
Tangible assets	9		2,471		2,295
Equity Investments	10		100,686		104,426
			<hr/>		<hr/>
			103,157		106,721
Current assets					
Debtors	11	898,972		250,171	
Loans and receivables	12	2,062,137		-	
Investments	13	1,000		168,428	
Cash at bank		157,961		23,345	
		<hr/>		<hr/>	
		3,120,070		441,944	
Creditors: amounts falling due within one year	14	6,287,387		4,375,832	
		<hr/>		<hr/>	
Net current liabilities			(3,167,317)		(3,933,888)
			<hr/>		<hr/>
Total assets less current liabilities			(3,064,160)		(3,827,167)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		123,856		123,856
Share premium	17		963,452		963,452
Profit and loss account	17		(4,151,468)		(4,914,475)
			<hr/>		<hr/>
Shareholders' deficit	18		(3,064,160)		(3,827,167)
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2016.
Signed on behalf of the board.


J R Byrne
Director

The notes on pages 9 to 22 form part of these financial statements.

Therium Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015

1 Accounting policies

Therium (UK) Holdings Limited is a limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given in the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. 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

The accounting period is from 1 April 2015 to 31 December 2015. The comparative period is for the 12 months ended 31 March 2015.

These financial statements are the first financial statements prepared under FRS 102 and the information on the impact of first-time adoption of FRS 102 is given in note 23.

The company has taken advantage of the following disclosure exemptions in preparing the financial statements, as permitted by FRS 102

The requirement to prepare a cash flow statement, the disclosure of related party transactions with and between wholly – owned subsidiaries and some disclosures relating to financial instruments on the basis that the company is part of a larger group. This information is included in the consolidated financial statements of Amtrust International Limited, as at 31 December 2015 and these financial statements are publicly available.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

Going concern

Whilst the company has net liabilities of £3,064,160 at 31 December 2015 (March 2015 - £3,827,167) the directors have continued to prepare the financial statements on a going concern basis because they consider that, given the profit made in the nine months to 31 December 2015 and the revenues that are forecast to continue to be generated by the £200m facility raising into the Therium group in April 2015, the Company can meet its budgeted expenses for the foreseeable future.

Turnover

Turnover is derived in two principal ways. First, from the company's interest in the cases which it is funding, and secondly, from any management fees or performance fees which derive from assets under management. Turnover is recognised on interests in cases in line with the company's accounting policy for investments as detailed below. Management fees are recognised in the period that the services are performed. Performance fees are recognised as underlying performance dictates.

Turnover split by geographic location has not been disclosed because the directors feel it would be prejudicial to the Company to do so.

Tangible fixed assets

Assets are measured at cost less depreciation and impairment in value. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	-	25% on cost
Computer equipment	-	33% on cost

Therium Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015 (*continued*)

1 Accounting policies (*continued*)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Operating leases

Leases in which a significant portion of risks and rewards are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

Loans and Receivables

Loans and receivables are held at amortised cost using the effective interest model.

Non-current and current asset investments and financial liabilities for funding litigation cases

Classification

Unless otherwise determined by the company, 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. Liabilities for funding litigation cases are measured on the same basis.

Recognition, derecognition and measurement

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

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

The investments in claims will initially be measured as the cash advanced to claimants under the litigation funding agreement. The corresponding liabilities to fund these claims are initially measured as the cash is received from funding entities under funding agreements.

Therium Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015 (*continued*)

1 Accounting policies (*continued*)

Recognition, derecognition and measurement (continued)

Subsequent measurement of investments in claims and the associated financial liabilities will be at fair value utilising fair value techniques developed by the company. 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 investment in legal claims will be recognised as a corresponding movement to fair value in financial liabilities except in the minority of cases where the Company has made an investment from its own funds where the corresponding movement to fair value will be taken to the profit and loss account.

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 estimation

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 judgment in a claim in which the company has an investment;
Discontinuance of a claim in which the company has an investment;
An adverse judgment in a claim in which the company has an investment;
Unilateral withdrawal by the company from a claim in which the Company 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 and represent conditions at the balance sheet date.

Designation at fair value through profit or loss

The company has designated the investments in claims as financial assets at fair value through profit or loss at initial recognition and financial liabilities in respect of funding litigation cases as liabilities through profit or loss at initial recognition as these investments in claims and liabilities 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 Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015 *(continued)*

2 Turnover

	9 Months ended 31 December 2015 £	Year ended 31 March 2015 £
Case investment returns	34,205	17,093
Management Fees	979,217	160,526
Performance Fees	589,555	48,638
Interest receivable on loans	62,137	-
Sundry Income	(750)	53,520
	<u>1,664,364</u>	<u>279,777</u>

3 Employees

	Nine months to 31 December 2015 £	31 March 2015 £
Wages and salaries (including directors)	465,291	558,072
Social security costs	59,712	74,082
	<u>525,003</u>	<u>632,154</u>

The average monthly number of employees (all staff are in operations including directors) during the nine months was 5 (March 2015 - 4).

4 Directors

	Nine months to 31 December 2015 £	31 March 2015 £
Aggregate remuneration for all directors		
Emoluments	<u>285,000</u>	<u>380,000</u>

The total amount payable to the highest paid director in respect of emoluments for the nine months to 31 December 2015 was £142,500 (twelve months to March 2015 - £190,000).

At 31 December 2015 £303,208 was payable to directors in respect of past services (March 2015 - £319,167)

At 31 December 2015 £159,583 was payable to the highest paid director in respect of past services (March 2015 - £159,583).

Therium Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015 (continued)

5	Operating profit	Nine months to 31 December 2015 £	31 March 2015 £
	This has been arrived at after charging:		
	Depreciation - owned assets	2,605	2,191
	Fees payable to the Company's auditor for the audit of the financial statements	11,300	11,000
	Foreign exchange (gain) / loss	(2,291)	842
		<u> </u>	<u> </u>
6	Interest receivable and similar income	Nine months to 31 December 2015 £	31 March 2015 £
	Bank account interest	88	30
	Other interest	-	1,006
		<u> </u>	<u> </u>
		88	1,036
		<u> </u>	<u> </u>
7	Interest payable and similar charges	Nine months to 31 December 2015 £	31 March 2015 £
	Loan interest	22,438	(40,478)
	5% preference dividend	49,760	63,595
	Bank charges	275	288
		<u> </u>	<u> </u>
		72,473	23,405
		<u> </u>	<u> </u>

In the year to 31 March 2015 Loan interest of £43,306 (nine months to 31 December 2015 - £Nil) was waived by City of London Group plc, a company that was a 50% shareholder in the company until 29 April 2015 as a result of the change of ownership on 29 April 2015.

In the nine months to 31 December 2015, £Nil (twelve months to 31 March 2015 - £36,183) of the 5% preference dividend was payable to City of London Group plc, a company that was a 50% shareholder in the company until 29 April 2015. In the nine months to 31 December 2015, £47,914 (twelve months to 31 March 2015 - £Nil) of the 5% preference dividend was a payable to Therium Group Holdings Limited, the company's immediate parent company.

Therium Capital Management Limited

Notes forming part of the financial statements
for the nine months ended 31 December 2015 *(continued)*

8 Taxation on loss from ordinary activities

A liability of £12,445 to UK corporation tax arose on ordinary activities for the nine months ended 31 December 2015 (31 March 2014 - £207). The unrecognised deferred tax asset arising from losses carried forward is £485,109 (31 March 2015 - £651,933) and has not been recognised given the inherent uncertainties regarding the future profit flows and therefore recovery of such an asset.

	Nine months to 31 December 2015 £	31 March 2015 £
Profit / (Loss) on ordinary activities	775,452	(530,065)
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK 20.00% (31 March 2015 - 20.00%)	155,090	(106,013)
Effects of:		
Expenses not deductible for tax	2,800	13,246
Expenses previously disallowed for tax	(3,632)	-
Capital allowances	(556)	(83)
Utilisation of tax losses	(141,257)	-
Losses used for group relief	-	93,057
Current tax charge	12,445	207

Therium Capital Management Limited

Notes forming part of the financial statements
for the nine months ended 31 December 2015 (*continued*)

9 Tangible assets

	Fixtures and fittings £	Computer Equipment £	Total £
<i>Cost</i>			
At 1 April 2015	2,787	10,561	13,348
Additions	-	2,780	2,780
	<hr/>	<hr/>	<hr/>
At 31 December 2015	2,787	13,341	16,128
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2015	2,389	8,664	11,053
Charge for year	301	2303	2,604
	<hr/>	<hr/>	<hr/>
At 31 December 2015	2,690	10,967	13,657
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2015	97	2,374	2,471
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2015	398	1,897	2,295
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10 Equity Investments

	Shares in group undertakings £	Unlisted Investments £	Total £
<i>Cost</i>			
At 1 April 2015	100	115,000	115,100
Additions	120	35,000	35,120
	<hr/>	<hr/>	<hr/>
At 31 December 2015	220	150,000	150,220
	<hr/>	<hr/>	<hr/>
<i>Realisations</i>			
At 1 April 2015	-	10,674	10,674
Charge for year	-	38,860	38,860
	<hr/>	<hr/>	<hr/>
At 31 December 2015	-	49,534	49,534
	<hr/>	<hr/>	<hr/>
<i>Book value</i>			
At 31 December 2015	220	100,466	100,686
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2015	100	104,326	104,426
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Therium Capital Management Limited

Notes forming part of the financial statements
for the nine months ended 31 December 2015 *(continued)*

10 Investments *(continued)*

The company's investments at the balance sheet date in the share capital of companies include the following subsidiary undertakings:

Therium (UK) Holdings Limited

Nature of business: Third party funds for litigation

Country of incorporation: England and Wales

	%	
Class of shares	Holding	
Ordinary	100.00	
	Nine months to 31 December 2015 £	Twelve months to 31 March 2015 £
Aggregate capital and reserves	1,574,289	1,167,363
Profit for the period	406,925	630,479

Therium Finance No.1 IC

Nature of business: Third party funds for litigation

Country of incorporation: Jersey

	%	
Class of shares	Holding	
Ordinary	86.00	
	Nine months to 31 December 2015 £	
Aggregate capital and reserves	(53,398)	
Loss for the period	(13,589)	

Therium Capital Management Limited

Notes forming part of the financial statements
for the nine months ended 31 December 2015 (*continued*)

11 Debtors: amounts falling due within one year

	31 December 2015 £	31 March 2015 £
Amounts owed by group undertakings	36,061	26,629
Amounts owed by associated entities	662,200	45,946
Other debtors	32,124	17,888
Prepayments and accrued income	168,587	159,708
	<u>898,972</u>	<u>250,171</u>

The directors have deemed the carrying amount of debtors as a reasonable approximation to fair value due to their short term nature. Debtors do not contain impaired assets or items past their due date in the current or prior year.

12 Loans and receivables

	31 December 2015 £	31 March 2015 £
Loan receivable	2,062,137	-
	<u>2,062,137</u>	<u>-</u>

Investments have been recognised in accordance with the company's stated accounting policy.

13 Current asset investments

	31 December 2015 £	31 March 2015 £
Investments in litigation cases	1,000	168,428
	<u>1,000</u>	<u>168,428</u>

Investments have been recognised in accordance with the company's stated accounting policy. The directors have made a judgement regarding the likely timing of recoveries of these investments.

Therium Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015 (continued)

14 Creditors: amounts falling due within one year

	31 December 2015 £	31 March 2015 £
Other loans (see note 15)	4,941,986	2,854,062
Other creditors	874,274	718,248
Accruals and deferred income	471,127	803,522
	<u>6,287,387</u>	<u>4,375,832</u>

The directors have deemed the carrying amount of creditors as a reasonable approximation to fair value due to their short term nature. Of the other creditors balance shown above, £10,000 (March 2015 - £Nil) is payable to the Company's immediate parent, £863,218 (March 2015 - £549,765) is payable to group undertakings and £Nil (March 2015 - £167,428) is payable to other associated entities.

15 Loans

An analysis of the maturity of loans is given below:

	31 December 2015 £	31 March 2015 £
Amounts falling due within one year or on demand:		
Other loans	3,362,728	1,325,137
Preference shares	1,579,258	1,528,925
	<u>4,941,986</u>	<u>2,854,062</u>

Other loans includes £1,340,289 (March 2015 - £1,229,832) payable to City Of London Group Plc, who were, until 29 April 2015 a 50% shareholder of the company, and £2,022,439 (March 2015 - £31,900) payable to associated entities. Preference shares includes £1,579,258 (March 2015 - £Nil) payable to the Company's immediate parent.

Details of shares shown as liabilities are as follows:

	31 December 2015 Number	Allotted, issued and fully paid 31 March 2015 Number	31 December 2015 £	31 March 2015 £
5% preference shares of £1 each	1,271,900	1,271,900	1,579,258	1,528,925

The directors deem the carrying amount of loans as a reasonable approximation to fair value as there have been no significant changes in the base rates since the fixed rate instruments were issued. The 5% preference shares are redeemable at par, in whole or part, as soon as the company has funds available. The 5% cumulative preference shares carry a fixed preference dividend at the rate of 5% per annum, payable each year. To the extent that the company lacks sufficient distributable reserves to pay the preference dividend on the dividend payment date, any unpaid dividends shall accrue and be paid by the company as soon as it has sufficient reserves. To the extent not previously redeemed any preference shares in existence on winding up of the company shall be redeemed in full, before any distribution of capital is made to the ordinary shareholders.

Therium Capital Management Limited

Notes forming part of the financial statements
for the nine months ended 31 December 2015 (*continued*)

16 Share capital

	31 December 2015 Number	Allotted, issued and fully paid 31 March 2015 Number	31 December 2015 £	31 March 2015 £
Ordinary shares of £1 each	123,856	123,856	123,856	123,856

17 Reserves

	Profit and loss account £	Share premium £	Called up Share Capital £	Total £
At 1 April 2015	(4,914,475)	963,452	123,856	(3,827,167)
Profit for the year	763,007	-	-	763,007
At 31 December 2015	(4,151,468)	963,452	123,856	(3,064,160)

18 Reconciliation of movements in shareholders' funds

	31 December 2015 £	31 March 2015 £
Profit / (loss) for the financial year	763,007	(530,272)
Net increase / (reduction) of shareholders' funds	763,007	(530,272)
Opening shareholders' funds	(3,827,167)	(3,296,895)
Closing shareholders' funds	(3,064,160)	(3,827,167)

Therium Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015 *(continued)*

19 Financial risk management

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

Market Risk

The company is still at a relatively early stage of its development and the litigation funding market is recently established in the UK. Nevertheless, the company has seen strong demand for its litigation funding product both from within the UK and internationally, despite minimal marketing effort from the company during the year.

Credit risk

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

The company mitigates any potential risk it may have for adverse cost orders by requiring that its clients take out After The Event 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

Of the Company's debt a significant proportion (£2,022,438 (March 2015 - £Nil) of Other Loans and £Nil, (March 2015 - £167,428) of Other Creditors) is backed by investment into litigation cases and therefore repayment is contingent upon success of those cases. The preference shares (£1,579,258, March 2015 - £1,528,925) are repayable only when the Company has sufficient distributable reserves as are a further £Nil (March 2015 - £63,405) of Other Loans.

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

For further information please reference the accounting policy on going concern in note 1.

Cash flow and interest rate risk

As all of the company's debt is at fixed interest rates the company has more exposure to interest rate risk than cash flow risk in respect of these borrowings. This is deemed appropriate given the early stage of development of the company.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Fair value estimation

The company's investments into litigation cases are held at fair value as described in the detailed accounting policy in note 1. All such fair value measurements are level three values due to the unique nature of the underlying assets. For notes on the fair value of debtors and creditors please refer to notes 11 and 13.

Therium Capital Management Limited

Notes forming part of the financial statements
for the nine months ended 31 December 2015 (*continued*)

19 Financial risk management (continued)

Financial instruments

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

	9 Months to 31 December 2015 £	Year to 31 March 2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,000	168,428
Financial assets that are debt instruments measured at amortised cost	2,950,483	113,808
Financial liabilities		
Financial liabilities measured at amortised cost	5,816,260	6,426,372

Financial assets measured at fair value through profit or loss comprise investments in litigation cases.

Financial assets measured at amortised cost comprise loans and receivable, other debtors, debtors and cash.

Financial liabilities measured at amortised cost comprise amounts owed to immediate parent, amounts owed to related parties and other creditors.

20 Related party disclosures

Therium Litigation Funding LLP

During a previous year the company received a £420,000 loan from Therium Litigation Funding LLP. The loan was guaranteed by City Of London Group Plc, previously a 50% shareholder in the company. Interest on the loan accrues at 5% per annum. The interest expense for the period is £Nil (year to March 2015 - £378) and the balance of interest payable as at 31 December 2015 is £Nil (March 2015 - £31,900). The amount of £31,900 interest was repaid on 13 May 2015.

Neil Purslow and John Byrne are designated members of Therium Litigation Funding LLP and are also directors of the company.

Therium Litigation Funding (No. 3) LLP

The designated members of Therium Litigation Funding (No. 3) LLP are also directors of Therium Capital Management Limited. During previous years Therium Litigation Funding (No. 3) LLP invested £167,428 with Therium Capital Management Limited to part fund a litigation case. The amount returned was entirely dependent on the outcome of the litigation case that the monies had been invested into and as a result of an adverse development on this case £Nil remained payable to Therium Litigation Funding (No. 3) LLP as at 31 December 2015 (31 March 2015 - £167,428).

Therium Capital Management Limited

Notes forming part of the financial statements for the nine months ended 31 December 2015 (continued)

20 Related party disclosures (continued)

Therium Jersey Limited

John Byrne is a director of Therium Jersey Limited as well as being a director of Therium Capital Management Limited. Therium Jersey is an Expert Fund established in February 2014 under the Jersey Expert Fund regime and the company is the exclusive investment advisor to the fund. During the nine month period the Company was due, and received in full £78,986 (year to 31 March 2015 - £129,434) in management fees from Therium Jersey Limited. During the nine months to 31 December 2015 the Company also recognised £556,443 (year to 31 March 2015 - £Nil) in performance fees due from Therium Jersey Limited, none of which were received (year to 31 March 2015 - £Nil).

Novitas Loans Limited

Therium Capital Management Limited owns 50% of the share capital of Novitas Loans Limited. Neil Purslow is a director of Novitas Loans Limited as well as being a director of Therium Capital Management Limited. During the nine months to 31 December 2015 the Company incurred £834 (year to March 2015 - £2,046) expenses on behalf of Novitas Loans Limited. Expenses of £Nil were repaid during the nine month period (year to March 2015 - £4,220). A total of £1,035 (31 March 2015 - £209) remained payable at 31 December 2015.

21 Commitments

The following capital payments are committed to be paid in.

	Litigation Cases 31 December 2015 £	Litigation cases 31 March 2015 £
Less than one year	-	78,928
Between one and five years	-	-
	<hr/>	<hr/>
	-	78,928
	<hr/>	<hr/>

The directors have made a judgement regarding the likely timing of payments of these investments.

22 Ultimate controlling party

There is no ultimate controlling party.

23 First Time adoption of FRS 102

There have been no adjustments necessary as a result of the adoption of FRS 102.