

Therium Capital Management Limited

Report and Financial Statements

Year Ended

31 March 2015

Company Number 06517819



Therium Capital Management Limited

**Report and financial statements
for the year ended 31 March 2015**

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Directors

J R Byrne
N A Purslow
J Cadle

Secretary and registered office

M Middleton, 78 Duke Street, Mayfair, London, W1K 6JQ

Company number

06517819

Auditor

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

Therium Capital Management Limited

Strategic report for the year ended 31 March 2015

The directors present their strategic report together with the audited financial statements for the year ended 31 March 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 offshore entities. Throughout the year the company has been investment adviser to Therium Litigation Funding LLP and has had a mandate to act as investment adviser to an institutional investor. The company is also the investment adviser to Therium Jersey Limited, a company incorporated in Jersey, and from August 2014 the company has secured a mandate to act as litigation adviser to a further institutional investor. The company's wholly owned subsidiary, Therium (UK) Holdings Limited, is the investment or litigation adviser to Therium Litigation Funding (No.2), Therium Litigation Funding (No.3) LLP and Therium Litigation Funding (No.4) LLP and also has a further mandate to act as investment adviser to another institutional investor.

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 which Therium is a founder member and on whose board Neil Purslow is a Director.

Since the company started trading it has reviewed over 800 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 monitors the investments during their life. The company has seen a marked increase in enquiries during the course of the past year.

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. The company has recently taken steps to expand its network and will launch a marketing programme in the coming year.

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. More than 400 firms currently use Novitas products.

On 29 April 2015 the Company announced a £200m private fundraising which the Therium group of companies will invest in the costs of large scale commercial litigation, group litigation and arbitration globally. With this new fundraising Therium is moving away from the fund management model towards deploying its own facilities which is expected to drive superior performance for shareholders through minimising cash drag and fund costs. The facility is funded by a large financial services company experienced in the area. This strategic investor also become an equity investor in Therium Group Holdings Limited, a Jersey based company that became Therium Capital Management's parent company in June 2015. The company's executive team remains unchanged and its existing funds will continue to execute the established strategy.

During the coming financial year, Therium expects to see strong growth in the demand for litigation funding in the UK and internationally. Therium plans to build on its position as a market leader by utilising funds made available as a result of the post year end 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 year ended 31 March 2015 (*continued*)

Performance during the year

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 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 10.

Principal risks and uncertainties

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.

The principal risk to the company relates to its ability to expand its funds under management which the Company has effectively addressed post to year-end through the new £200 million fundraising. For detail regarding the company's financial risk management objectives and policies please see note 18 to these financial statements.

Approval

This strategic report was approved by order of the Board on 3/7/15 and signed on its behalf



J R Byrne

Director

Therium Capital Management Limited

Report of the directors for the year ended 31 March 2015

The directors present their report together with the audited financial statements for the year ended 31 March 2015.

Results and dividends

The profit and loss account is set out on page 7 and shows the loss 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 18 to these financial statements.

Principal activity and likely future developments

The principal activity of the company in the year under review was that of the provision of third party funding for litigation. 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 29th April 2015)
J Kent (Resigned 29th 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 year ended 31 March 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 £3,827,167 at 31 March 2015 (2014 - £3,296,895) the directors have continued to prepare the financial statements on a going concern basis because they consider that, given the revenues that will be generated by the £200m fundraising in April 2015, the Company can meet its budgeted expenses for the foreseeable future.

Post balance sheet event

On 29 April 2015 the Company announced a £200m private fundraising which the Therium group of companies will invest in the costs of large scale commercial litigation, group litigation and arbitration globally. With this new fundraising Therium is moving away from the fund management model towards deploying its own facilities which is expected to drive superior performance for shareholders through minimising cash drag and fund costs. The facility is funded by a large financial services company experienced in the area. This strategic investor also become an equity investor in Therium Group Holdings Limited, a Jersey based company that became Therium Capital Management's parent company in June 2015. The company's executive team remains unchanged and its existing funds will continue to execute the established strategy.

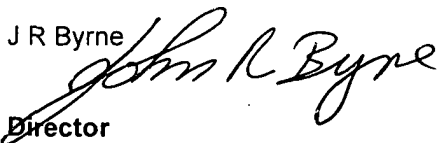
Qualifying third party indemnity provisions

The company has arranged qualifying third party indemnity for all of its directors.

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

Date

3/7/2015

Therium Capital Management Limited

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 year ended 31 March 2015 which comprise the profit and loss account, the balance sheet, the cash flow statement 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 31st March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities; 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 strategic report and directors' report for the financial year 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 financial statements and 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 3 July 2015

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

Therium Capital Management Limited

Profit and loss account for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover		279,777	250,999
Cost of sales		-	(12,500)
		<hr/>	<hr/>
Gross profit		279,777	238,499
Administrative expenses		787,473	981,425
		<hr/>	<hr/>
Operating loss	4	(507,696)	(742,926)
Interest receivable and similar income	5	1,036	1,748
Interest payable and similar charges	6	23,405	139,411
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(530,065)	(880,589)
Taxation on loss from ordinary activities	7	207	-
		<hr/>	<hr/>
Loss for the financial year after taxation		(530,272)	(880,589)
		<hr/>	<hr/>

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 10 to 23 form part of these financial statements.

Therium Capital Management Limited

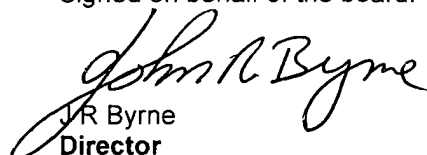
Balance sheet at 31 March 2015

<i>Company number 06517819</i>	<i>Note</i>	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	8		2,295		4,072
Equity Investments	9		104,426		115,100
			<hr/>		<hr/>
			106,721		119,172
Current assets					
Debtors	10	250,171		377,107	
Investments	11	168,428		909,261	
Cash at bank		23,345		6,417	
		<hr/>		<hr/>	
		441,944		1,292,785	
Creditors: amounts falling due within one year	12	4,375,832		4,708,852	
		<hr/>		<hr/>	
Net current liabilities			(3,933,888)		(3,416,067)
			<hr/>		<hr/>
Total assets less current liabilities			(3,827,167)		(3,296,895)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		123,856		123,856
Share premium	15		963,452		963,452
Profit and loss account	15		(4,914,475)		(4,384,203)
			<hr/>		<hr/>
Shareholders' deficit	16		(3,827,167)		(3,296,895)
			<hr/>		<hr/>

These financial statements have been prepared in accordance with the small companies exemption.

The financial statements were approved by the Board of Directors and authorised for issue on 3 July 2015.

Signed on behalf of the board.


J.R. Byrne
Director

The notes on pages 10 to 23 form part of these financial statements.

Therium Capital Management Limited

Cash flow statement for the year ended 31 March 2015

	Note	2015 £	2015 £	2014 £	2014 £
Net cash (outflow) from operating activities	21		(207,730)		(1,136,707)
Returns on investments and servicing of finance					
Interest received		1,036		1,748	
Interest paid		(288)		(169)	
Net cash inflow from returns on investments and servicing of finance			748		1,579
Taxation			-		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		-		(4,862)	
Investment into litigation and other investments		10,260		(100,128)	
Net cash outflow for capital expenditure and financial investment			10,260		(104,989)
Financing					
Share issue		-		-	
Preference share issue		-		-	
Other loans - receipts		261,061		408,500	
Other loans - payments		(47,411)		(40,051)	
			213,650		368,449
Increase / (Decrease) in cash	23		16,928		(871,668)

The notes on pages 10 to 23 form part of these financial statements.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015

1 Accounting policies

The financial statements have been prepared in accordance with United Kingdom generally accepted accounting practice applicable to smaller entities under the historical cost convention except current asset investments which are valued at fair value in accordance with the Companies Act 2006 as described below.

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 £3,827,167 at 31 March 2015 (2014 - £3,296,895) the directors have continued to prepare the financial statements on a going concern basis because they consider that, given the forecasted revenues that will be generated by the £200m fundraising 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

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.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

1 Accounting policies (*continued*)

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.

Investments

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.

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 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.

Subsequent measurement of investments in claims 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 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.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

1 Accounting policies (continued)

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 judgement in a claim in which the company has an investment;
Discontinuance of a claim in which the company has an investment;
An adverse judgement 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.

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 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.

2 Employees

	2015	2014
	£	£
Wages and salaries (including directors)	558,072	528,564
Social security costs	74,082	70,048
	632,154	598,612

The average monthly number of employees (all staff are in operations including directors) during the year was 4 (2014 - 4).

3 Directors

	2015	2014
	£	£
Aggregate remuneration for all directors		
Emoluments	380,000	380,000

The total amount payable to the highest paid director in respect of emoluments was £190,000 (2014 - £190,000).

At the year-end £319,167 was payable to directors in respect of past services (2014 - £266,667)

At the year-end £159,583 was payable to the highest paid director in respect of past services (2014 - £133,333).

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

4	Operating loss	2015	2014
		£	£
	This has been arrived at after charging:		
	Depreciation - owned assets	2,191	2,388
	Hire of other assets - operating leases	-	21,962
	Fees payable to the Company's auditor for the audit of the financial statements	10,800	10,800
	Foreign exchange	842	313
		<hr/>	<hr/>
5	Interest receivable and similar income	2015	2014
		£	£
	Bank account interest	30	42
	Other interest	1,006	1,706
		<hr/>	<hr/>
		1,036	1,748
		<hr/>	<hr/>
6	Interest payable and similar charges	2015	2014
		£	£
	Loan interest	(40,478)	75,647
	5% preference dividend	63,595	63,595
	Bank charges	288	169
		<hr/>	<hr/>
		23,405	139,411
		<hr/>	<hr/>

Loan interest of £43,306 was waived by City of London Group plc, a 50% shareholder in the company during the year as a result of the post year end change of ownership. In 2014 £70,433 of the loan interest was payable to City of London Group plc.

£36,183 (2014 - £35,850) of the 5% preference dividend was payable to a 50% shareholder in the company.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 *(continued)*

7 Taxation on loss from ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2015 nor for the year ended 31 March 2014. The unrecognised deferred tax asset arising from losses carried forward is £651,933 (2014 - £652,392) and has not been recognised given the inherent uncertainties regarding the future profit flows and therefore recovery of such an asset.

	2015 £	2014 £
Loss on ordinary activities	(530,065)	(880,589)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 20.00% (2014 - 20.00%)	(106,013)	(176,118)
Effects of:		
Expenses not deductible for tax	13,246	2,262
Capital allowances	(83)	(972)
Losses carried forwards	-	145,803
Losses used for group relief	93,057	29,025
Current tax charge	207	-

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

8 Tangible assets

	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>			
At 1 April 2014	2,787	10,147	12,934
Additions	-	414	414
	<hr/>	<hr/>	<hr/>
At 31 March 2015	2,787	10,561	13,348
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2014	1,957	6,905	8,862
Charge for year	432	1,759	2,191
	<hr/>	<hr/>	<hr/>
At 31 March 2015	2,389	8,664	11,053
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2015	398	1,897	2,295
	<hr/>	<hr/>	<hr/>
At 31 March 2014	830	3,242	4,072
	<hr/>	<hr/>	<hr/>

9 Equity Investments

	Shares in group undertakings £	Unlisted investments £	Total £
<i>Cost and net book value</i>			
At 1 April 2014 and 31 March 2015	100	115,000	115,100
	<hr/>	<hr/>	<hr/>

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 *(continued)*

9 Investments *(continued)*

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

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		
		2015	2014
		£	£
Aggregate capital and reserves		1,167,363	536,885
Profit for the year		630,479	145,027
		<hr/>	<hr/>

10 Debtors: amounts falling due within one year

	2015	2014
	£	£
Amounts owed by group undertakings	26,629	53,795
Amounts owed by associated entities	45,946	-
Other debtors	17,888	102,413
Prepayments and accrued income	159,708	220,899
	<hr/>	<hr/>
	250,171	377,107
	<hr/>	<hr/>

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.

11 Current asset investments

	2015	2014
	£	£
Investments in litigation cases	168,428	909,261
	<hr/>	<hr/>
	168,428	909,261
	<hr/>	<hr/>

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 year ended 31 March 2015 (continued)

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Other loans (see note 13)	2,854,062	2,685,591
Other creditors	718,248	1,328,263
Accruals and deferred income	803,522	694,998
	<u>4,375,832</u>	<u>4,708,852</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 £Nil (2014 - £400,037) is payable to a 50% shareholder of the company, £549,765 (2014 - £376,401) is payable to group undertakings and £167,428 (2014 - £550,769) is payable to other associated entities.

13 Loans

An analysis of the maturity of loans is given below:

	2015 £	2014 £
Amounts falling due within one year or on demand:		
Other loans	1,325,137	1,220,261
Preference shares	1,528,925	1,465,330
	<u>2,854,062</u>	<u>2,685,591</u>

Other loans includes £1,229,832 (2014 - £1,071,485) payable to a 50% shareholder of the company and £31,900 (2014 - £87,821) payable to associated entities. Preference shares includes £812,589 (2014 - £773,407) payable to a 50% shareholder of the company.

Details of shares shown as liabilities are as follows:

	2015 Number	Allotted, issued and fully paid 2014 Number	2015 £	2014 £
5% cumulative preference shares of £1 each	<u>1,271,900</u>	<u>1,271,900</u>	<u>1,456,330</u>	<u>1,401,735</u>

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 cumulative 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 year ended 31 March 2015 *(continued)*

14 Share capital

	2015 Number	Allotted, issued and fully paid 2014 Number	2015 £	2014 £
Ordinary shares of £1 each	123,856	123,856	123,856	123,856

15 Reserves

	Profit and loss account £	Share premium £	Called up share capital £	Total £
At 1 April 2014	(4,384,203)	963,452	123,856	(3,296,895)
Loss for the year	(530,272)	-	-	(530,272)
At 31 March 2015	(4,914,475)	963,452	123,856	(3,827,167)

16 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Loss for the financial year	(530,272)	(880,589)
Net reduction of shareholders' funds	(530,272)	(880,589)
Opening shareholders' funds	(3,296,895)	(2,416,306)
Closing shareholders' funds	(3,827,167)	(3,296,895)

17 Transactions with directors

During the current year and in the prior year, the company provided funding for a case whereby two directors, J Byrne and N Purslow have acted as nominees on behalf of the company. As a consequence the company has provided indemnities to the directors by the way of guarantee that they will not be liable for any costs that may arise from that specific case. To date, no costs have been incurred in order to fulfil this guarantee.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

18 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 newly 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 (£167,428, (2014 - £951,861) of Other Creditors) is backed by investment into litigation cases and therefore repayment is contingent upon success of those cases. The preference shares (£1,528,925, 2014 - £1,465,330) are repayable only when the Company has sufficient distributable reserves as are a further £63,405 (2014 - £197,795) 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 on page 9 and also the net debt table, note 23.

Cash flow and interest rate risk

Details of the company's debt are provided in note 23. As all 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 10 and 12.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

19 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 is guaranteed by City Of London Group Plc, a 50% shareholder in the company. Interest on the loan accrues at 5% per annum. The interest expense for the year is £378 (2014 - £2,376) and the balance of interest payable as at the year-end is £31,900 (2014 - £43,984). The amount of £31,900 outstanding at the year-end was repaid in full after the balance sheet date on 13th May 2015. £34,949 (2014 - £40,051) in capital repayments have been made by Therium Capital Management Limited during the year leaving a capital balance of £Nil (2014 - £34,949). Neil Purslow and John Byrne are designated members of Therium Litigation Funding LLP and are also directors of the company.

Therium Litigation Funding (No. 2) LLP

The designated members of Therium Litigation Funding (No. 2) LLP are also directors of Therium Capital Management Limited. During previous years Therium Litigation Funding (No. 2) LLP invested £336,796 with the company to part fund a litigation case and £30,818 to finance a working capital loan that Therium Capital Management Limited had made available to the law firm running the above mentioned litigation case. £418,421 was paid to Therium Litigation Funding (No. 2) LLP in respect of this case and the associated loan by the company during the year and £Nil (2014 - £367,614) was owing to the Therium Litigation Funding (No. 2) LLP in respect of this case and the associated loan as at 31 March 2015.

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, all of which remained outstanding as at 31 March 2015 (2014 - £167,428). Interest is not paid on the amount invested and the amount returned is entirely dependent on the outcome of the litigation case that the monies have been invested into.

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 year the Company was due, and received in full £ 129,434 (2014 - £139,753) in management fees from Therium Jersey Limited.

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 year the Company incurred £2,046 (2014 - £2,048) expenses on behalf of Novitas Loans Limited. Additionally the Company loaned £Nil (2014 - £8,000) to Novitas Loans Limited during the current financial year at a rate of interest of 6%. £1,014 (2014 - £1,391) interest was receivable for the year by Therium Capital Management in respect of this loan. Interest of £2,780 (2014 - £Nil) and expenses of £4,220 (2014 - £Nil) were repaid during the year. A total of £209 (2014 - £29,149) remained payable at 31 March 2015 after the company received capital repayments of £25,000 from Novitas Loans Limited (2014 - £Nil).

Novitas Futures Limited

Novitas Futures Limited is owned 100% by Novitas Loans Limited (see above). During previous years TCML loaned Novitas Futures Limited £4,419, all of which (2014 - £4,419) remained payable.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

19 Related party disclosures (continued)

City of London Group Plc

City Of London Group Plc ("COLG"), a 50% shareholder in the Company during the year owned £720,000 (2014 - £717,000) preference shares in the company, these preference shares have a 5% coupon. Interest on these preference shares of £36,182 (2014 - £35,850) was payable for the year and as at the year-end £92,589 (2014 - £56,407) remained outstanding.

During the year the Company received £34,989 (2014 - £35,000) from COLG under a working capital arrangement. £5,000 was paid back to COLG during the year. As at 31 March 2015 capital of £399,949 (2014 - £370,000) remained payable by the company. This financing is provided at 12% rate of interest. By agreement between the parties no interest was payable after 5th June 2014. Interest of £7,950 (2014 - £43,110) was payable for the year and as at the year-end £70,378 (2014 - £62,428) remained outstanding.

During the year the Company received from COLG £240,000 (2014 - £325,000) in respect of a financing package. During the year repayment of £60,000 of this balance was waived. £645,000 (2014 - £465,000) remaining outstanding as at 31 March 2015, £60,000 of this amount accrues interest at 5%, £345,000 of this amount accrues interest at 12%, £240,000 accrues interest at 8% (2014 - £60,000 at 5%, £125,000 at 12% and £240,000 at 8%). By agreement between the parties no interest was payable after 5th June 2014. Interest of £7,660 (2013 - £23,589) was payable for the year and £34,643 (2014 - £24,526) interest remains payable at year end.

During the year the Company received £10,530 (2014 - £95,128) from COLG for investment into a litigation case. This investment is now not expected to return any value and so has been written down to a carrying value of £Nil and consequently the amount recognised as payable to COLG is also £Nil (2014 - £400,037).

During the year the company received £Nil (2014 - £75,000) from COLG to seed a vehicle to invest in a niche area of litigation. At the year-end £75,000 (2014 - £75,000) was payable as was interest of £4,862 (2014 - £3,778) accrued at a rate of 7% per annum. By agreement between the parties no interest was payable after 5th June 2014.

Under a financing agreement agreed in previous years, COLG undertook to pay the company a minimum of £30,000 per annum in annual management charges. During the year the company waived its right to receive this amount and amounts relating to prior years which resulted in a charge to the profit and loss account of £64,767 (2014 - £30,000 income). £Nil (2014 - £64,767) was due from COLG to the company at year end. In previous periods amounts receivable had been netted against the amounts payable by the Company to COLG as agreed between the parties.

Under the terms of a previous agreement the company undertook to pay COLG a matching fee should any dividend be paid to preference shareholders during the period COLG owned shares in the company. During the year COLG waived its right to receive any such fee which resulted in a credit to the profit and loss account of £136,841 (2014 - £27,595 charge). £Nil (2014 - £136,841) was due to COLG from the company at year end.

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 *(continued)*

20 Commitments

The following capital payments are committed to be paid in.

	Litigation cases 2015 £	Litigation cases 2014 £
Less than one year	78,928	269,813
Between one and five years	-	-
	<u>78,928</u>	<u>269,813</u>

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

21 Reconciliation of operating loss to net cash inflow from operating activities

	2015 £	2014 £
Operating loss	(507,696)	(742,926)
Depreciation charges	2,191	2,388
Decrease / (Increase) in debtors	867,768	(53,947)
(Decrease) in creditors	(569,993)	(342,222)
	<u>(207,730)</u>	<u>(1,136,707)</u>

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

22 Reconciliation of net cash inflow to movement in net debt

	2015 £	2015 £	2014 £	2014 £
Increase / (Decrease) in cash in the year	16,928		(871,668)	
Cash inflow from increase in debt	(213,650)		(368,449)	
	<hr/>		<hr/>	
Change in net funds resulting from cash flows		(196,722)		(1,240,117)
		<hr/>		<hr/>
Non cash movements		45,179		(208,059)
		<hr/>		<hr/>
Movement in net funds in the year		(151,543)		(1,448,176)
Opening net debt		(2,679,175)		(1,230,999)
		<hr/>		<hr/>
Closing net debt		(2,830,718)		(2,679,175)
		<hr/>		<hr/>

23 Analysis of net debt

	At 1 April 2014 £	Cash flow £	Other non-cash changes £	At 31 March 2015 £
Net cash:				
Cash at bank	6,417	16,928	-	23,345
	<hr/>	<hr/>	<hr/>	<hr/>
Debt:				
Debt due within one year				
Preference shares	(1,465,330)	-	(63,595)	(1,528,925)
Other loans	(1,220,261)	(213,650)	108,774	(1,325,137)
	<hr/>	<hr/>	<hr/>	<hr/>
	(2,685,591)	(213,650)	45,179	(2,854,062)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(2,679,174)	(196,722)	45,179	(2,830,717)
	<hr/>	<hr/>	<hr/>	<hr/>

24 Ultimate controlling party

There is no ultimate controlling party.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

25 Events after the balance sheet date

On 29 April 2015 TCML announced a £200m private fundraising which will allow the Therium group of companies to invest in the costs of large scale commercial litigation, group litigation and arbitration globally. With this new fundraising Therium is moving away from 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. The facility is funded by a large financial services company experienced in the area. This strategic investor has also become an equity investor in Therium Group Holdings Limited, a Jersey based company that became Therium Capital Management's parent company in June 2015.