

Therium Capital Management Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 06517819

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Therium Capital Management Limited

**Report and financial statements
for the year ended 31 December 2019**

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Directors

J R Byrne
N A Purslow
J Cadle

Secretary and registered office

M Middleton, 11 Staple Inn, London, WC1V 7QH

Company number

06517819

Independent Auditor

BDO Limited, Windward House, La Route de la Liberation, St Helier, Jersey, JE1 1BG

Therium Capital Management Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

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, together with its wholly owned subsidiary, Therium (UK) Holdings Limited ("TUKHL"), continues to provide advice on the funding of third party litigation cases to Therium entities and litigation funds.

Litigation funding is now an established asset class and has grown into a trusted means of enabling access to the judicial system for litigation 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.

The Company continues to see a strong flow of investment opportunities from which cases are selected for funding. The Company also monitors the investments during their life. The Company continues to see strong demand and so the company has continued to recruit experienced talent with the additions of finance, operations and investment staff during 2018 and in 2019.

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.

During the 2020 financial year, Therium expects to see continued 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 whilst advising on the funds made available as a result of a significant fundraising of £200m made by the Therium Group in Q1 2018 and further fundraising of £325m made in Q1 2019. Therium Capital Management Limited is sub advisor to these new funds. Therium continues to develop its relationships with key market participants and increase its investment activity in step with its increasing resources as it builds scale within the business.

Therium Capital Management Limited

Strategic report for the year ended 31 December 2019 (*continued*)

Performance during the year

The Company's turnover from its core business activities has continued to build strongly during the year to 31 December 2019 showing an increase of 29% on the previous year. This builds on a 66% increase in turnover in the year to 31 December 2018. These increases are largely as a result of the significant funds raised by Therium Group Holdings Limited and its subsidiaries (together the "Therium Group") in Q1 2018 (£200m) and also Q1 2019 (£325m) to which Therium Capital Management is a key sub advisor. The fees generated as a result of these two fund raisings enable the Company and the Therium Group as a whole to look to the future with confidence.

The recent fundraisings referenced above have significantly increased the Therium Group's funds under management and therefore also the amount of work that the Company is required to undertake. The increase in revenue has enabled the company to make further investment into the infrastructure of the business to help build the sustainability necessary to benefit from the market opportunities in the short to medium term and this is reflected in the results for both last year and the current year. One particular area of focus was in adding personnel into key areas of the business

Having said this, the growth in revenue for the year of 29% exceeds the 17% increase in administration expenses and so profit after tax has improved some 259% and profit after tax for the year ended 31 December 2019 stands at 6% of turnover (2018 – 2%).

	2019 £	2018 £
Turnover	4,584,105	3,545,424
Administration expenses	(3,989,605)	(3,405,641)
Profit after tax	264,259	73,565

Principal risks and uncertainties

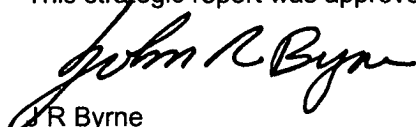
The company is still in a growth phase and the litigation funding market in the UK is well established but still developing. Nevertheless, the company has seen strong demand for its litigation funding product both from within the UK and internationally, despite limited marketing effort from the company during the year.

The principal risk to the company relates to its ability to expand its funds under management which the Company has effectively addressed to date through the fundraising discussed above. For detail regarding the company's financial risk management objectives and policies please see note 18 to these financial statements.

For comments regarding the directors' assessment of the company as a going concern please reference the Directors' Report.

Approval

This strategic report was approved by order of the Board on 11 December 2020 and signed on its behalf



J R Byrne

Director

Therium Capital Management Limited

Directors' report for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the profit for the year. No dividend was proposed or paid for the year ended 31 December 2019 (2018 - £Nil proposed and paid).

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 the provision of advice on the funding of third party litigation cases to Therium 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

Independent Auditor

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 auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO Limited have been appointed as auditor of the Company on 5 October 2020, replacing BDO LLP, and have expressed their willingness to continue in office.

Going concern

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. As at the date of this report, it is not possible to reliably estimate the financial effect of the COVID-19 virus on the Company's operations but the directors consider that the Company is well placed to continue to operate successfully, see note 21 for further commentary. The directors have continued to prepare the financial statements on a going concern basis because they consider that, given forecasted revenues, the Company can meet its budgeted expenses for the foreseeable future.

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

11 December 2020



Therium Capital Management Limited

Directors' responsibilities statement for the year ended 31 December 2019

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 year.

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; and
- 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.

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

Opinion

We have audited the financial statements of Therium Capital Management Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet and notes 1 to 21 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent



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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Limited

Christopher Stuart (Senior Statutory Auditor)
For and on behalf of BDO Limited, statutory auditor
Jersey, Channel Islands
11 December 2020

Therium Capital Management Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	4,584,105	3,545,424
Cost of sales		(264,093)	-
Gross profit		4,320,012	3,545,424
Administrative expenses		(3,989,605)	(3,405,641)
Operating profit / (loss)	5	330,407	139,783
Interest receivable and similar income	6	321	303
Interest payable and similar charges	7	(66,469)	(66,521)
Profit on ordinary activities before taxation		264,259	73,565
Taxation on profit from ordinary activities	8	-	-
Profit for the financial year after taxation		264,259	73,565
Other comprehensive income		-	-
Total comprehensive income		264,259	73,565

All of the above activities relate to continuing operations.

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

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

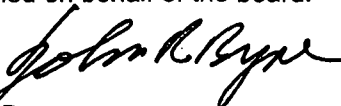
Therium Capital Management Limited

Balance sheet at 31 December 2019

Company number 06517819	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	9		158,566		238,101
Equity Investments	10		66,923		81,598
			<u>225,489</u>		<u>319,699</u>
Current assets					
Debtors	11	2,070,047		2,310,898	
Litigation Investments	12	66,800		-	
Cash at bank		80,163		412,789	
		<u>2,217,010</u>		<u>2,723,687</u>	
Creditors: amounts falling due within one year	13	(1,786,203)		(2,651,349)	
Net current assets			<u>430,807</u>		<u>72,338</u>
Total assets less current liabilities			<u>656,296</u>		<u>392,037</u>
Capital and reserves					
Called up share capital	15		123,856		123,856
Share premium	16		963,452		963,452
Profit and loss account	16		(431,012)		(695,271)
Shareholders' funds	17		<u>656,296</u>		<u>392,037</u>

The financial statements on pages 8 to 23 have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and were approved by the Board of Directors and authorised for issue on 11 December 2020.

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

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Therium Capital Management 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 January 2019 to 31 December 2019. The comparative period is from 1 January 2018 to 31 December 2018.

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

The company's intermediate parent undertaking is AmTrust International Insurance, Ltd (AIIIL) a company incorporated in Bermuda. AIIIL includes the company in its consolidated financial statements, which are available from Washington Mall, 4th Floor, Suite 400, 7 Reid Street, Hamilton, Pembroke Parish, HM 11, Bermuda. The company is considered to be a qualifying entity under FRS 102 and is therefore taking advantage of the exemption from preparing a cash flow statement, disclose related party transactions and information relating to financial instruments.

In addition, in accordance with the provisions of S401 of the Companies Act 2006, the company is exempt from the obligations to prepare and deliver consolidated financial statements on the basis that the company is included in the consolidated financial statements of AIIIL.

The following principal accounting policies have been applied to all periods presented, unless otherwise stated:

Going concern

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. As at the date of this report, it is not possible to reliably estimate the financial effect of the COVID-19 virus on the Company's operations but the directors consider that the Company is well placed to continue to operate successfully, see note 21 for further commentary. The directors have continued to prepare the financial statements on a going concern basis because they consider that, given forecasted revenues, 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 year 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 year ended 31 December 2019 (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 is recognised at the rate substantially enacted at the balance sheet date. 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.

Financial assets

Financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

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

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Financial liabilities

Financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

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.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Fair value estimation

Fair value is 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.

Valuation of Investments in subsidiaries

Investments in subsidiaries and unlisted company shares are measured at cost less accumulated impairment.

2 Turnover

	2019 £	2018 £
Case investment returns	(520)	-
Management Fees	4,633,149	3,545,424
Performance Fees	(67,500)	-
Sundry Income	18,976	-
	<u>4,584,105</u>	<u>3,545,424</u>

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

3 Employees

	2019 £	2018 £
Wages and salaries (including directors)	2,227,233	1,705,875
Social security costs	296,461	225,539
	<u>2,523,694</u>	<u>1,931,414</u>

The average monthly number of employees (all staff are in operations including directors) during the year was 15 (2018 - 13).

4 Directors

	2019 £	2018 £
Aggregate remuneration for all directors		
Emoluments	<u>470,500</u>	<u>430,500</u>

The total amount payable to the highest paid director in respect of emoluments for the twelve months to 31 December 2019 was £235,250 (2018 - £215,250).

At 31 December 2019 £202,269 was payable to directors in respect of past services (2018 - £257,269).

At 31 December 2019 £159,583 was payable to the highest paid director in respect of past services (2018 - £159,583).

5 Operating profit

	2019 £	2018 £
This has been arrived at after charging:		
Depreciation - owned assets	93,383	92,609
Fees payable to the Company's auditor for the audit of the financial statements	15,267	15,185
Fees payable to the Company's auditor for non-audit services	-	-
Foreign exchange loss	942	1,027
Provision for bad and doubtful debt	<u>1,001</u>	<u>2,385</u>

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

6 Interest receivable and similar income

	2019 £	2018 £
Bank account interest	321	303

7 Interest payable and similar charges

	2019 £	2018 £
5% preference dividend	66,045	66,045
Bank charges	424	476
	<u>66,469</u>	<u>66,521</u>

In the twelve months to 31 December 2019, £66,045 (2018 - £66,045) of the 5% preference dividend was payable to Therium Group Holdings Limited, the company's immediate parent company.

8 Taxation on profit from ordinary activities

A liability of £Nil to UK corporation tax arose on ordinary activities for the year ended 31 December 2019 (2018 - £Nil). The unrecognised deferred tax asset arising from losses carried forward at 19% (2018 - 19%) is £515,610 (2018 - £646,428) and has not been recognised given the inherent uncertainties regarding the future profit flows and therefore recovery of such an asset.

	2019 £	2018 £
Profit on ordinary activities	264,259	73,565
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.00 % (2018 – 19.00%)	50,209	13,977
Effects of:		
Expenses not deductible for tax	5,404	1,856
Expenses allowable for tax	(11,892)	-
Capital allowances less than / (in excess of) depreciation	12,287	(23,848)
Tax losses carried forward	-	8,015
Tax losses brought forward	(56,008)	-
Current tax charge	<u>-</u>	<u>-</u>

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

9 Tangible assets

	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>			
At 1 January 2019	332,668	42,994	375,662
Additions	5,766	8,082	13,848
	<hr/>	<hr/>	<hr/>
At 31 December 2019	338,434	51,076	389,510
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2019	104,163	33,398	137,561
Charge for year	83,656	9,727	93,383
	<hr/>	<hr/>	<hr/>
At 31 December 2019	187,819	43,125	230,944
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2019	150,615	7,951	158,566
	<hr/>	<hr/>	<hr/>
At 31 December 2018	228,505	9,596	238,101
	<hr/>	<hr/>	<hr/>

10 Equity Investments

	Shares in group undertakings £	Unlisted investments £	Total £
<i>Cost</i>			
At 1 January 2019	1,222	200,000	201,222
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1,222	200,000	201,222
	<hr/>	<hr/>	<hr/>
<i>Realisations</i>			
At 1 January 2019	-	119,624	119,624
For the year	1,000	13,553	14,553
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1,000	133,177	134,177
	<hr/>	<hr/>	<hr/>
<i>Write Offs</i>			
At 1 January 2019	-	-	-
For the year	122	-	122
	<hr/>	<hr/>	<hr/>
At 31 December 2019	122	-	122
	<hr/>	<hr/>	<hr/>
<i>Book Value</i>			
At 31 December 2019	100	66,823	66,923
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,222	80,376	81,598
	<hr/>	<hr/>	<hr/>

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (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

Registered Address: 11 Staple Inn, London, WC1V 7QH

	%		
Class of shares	Holding		
Ordinary	100.00		
	2019	2018	
	£	£	
Aggregate capital and reserves	563,547	761,683	
(Loss) / profit for the year	(198,136)	(65,807)	

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

Therium Finance No.1 IC

Nature of business: Third party funds for litigation

Country of incorporation: Jersey

Registered Address: Ground Floor, 13 Royal Square, St Helier, Jersey, JE2 4WA

	%		
Class of shares	Holding		
Ordinary	34		
	2019	2018	
	£	£	
Aggregate capital and reserves	(3,623,184)	(138,064)	
Loss for the year	(3,485,120)	(21,977)	

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

11 Debtors: amounts falling due within one year

	2019 £	2018 £
Amounts owed by group undertakings	1,066,464	1,234,969
Amounts owed by associated entities	31,319	797,927
Other debtors	849,996	145,461
Prepayments and accrued income	122,268	132,541
	<u>2,070,047</u>	<u>2,310,898</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. Included in Other debtors is an amount of £72,500 (2018 - £12,500) due from a director, no interest is charged on that amount (2018 - no interest charged).

12 Litigation Investments

	2019 £	2018 £
Litigation Investments due in less than one year	66,800	-
	<u>66,800</u>	<u>-</u>

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

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Other loans (see note 14)	1,487,324	1,421,279
Taxation and social security	-	81,899
Other creditors	1,055	697,247
Accruals and deferred income	297,824	450,924
	<u>1,786,203</u>	<u>2,651,349</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 (2018 - £358,595) is payable to the Company's immediate parent and £Nil (2018 - £338,648) is payable to group undertakings. In accruals and deferred income there is an amount of £202,269 (2018 - £257,269) payable to directors. No interest is payable on that balance.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

14 Loans

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Preference share capital	1,320,900	1,320,900
Preference share accrued coupon	166,424	100,379
	<u>1,487,324</u>	<u>1,421,279</u>

Preference shares includes £1,487,324 (2018 - £1,421,279) payable to the Company's immediate parent.

Details of shares shown as liabilities are as follows:

	2019 Number	Allotted, issued and fully paid 2018 Number	2019 £	2018 £
5% preference shares of £1 each	<u>1,320,900</u>	<u>1,320,900</u>	<u>1,487,324</u>	<u>1,421,279</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 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 December 2019 *(continued)*

15 Share capital

	2019 Number	Allotted, issued and fully paid 2018 Number	2019 £	2018 £
Ordinary shares of £1 each	123,856	123,856	123,856	123,856

Ordinary shares have the right in the winding up or repayment of capital to receive payments and the right to receive dividends from the company.

16 Reserves

	Profit and loss account £	Share premium £	Called up share capital £	Total £
At 1 January 2018	(768,836)	963,452	123,856	318,472
Profit for the year	73,565	-	-	73,565
At 1 January 2019	(695,271)	963,452	123,856	392,037
Profit for the year	264,259	-	-	264,259
At 31 December 2019	(431,012)	963,452	123,856	656,296

17 Reconciliation of movements in shareholders' funds

	2019 £	2018 £
Profit for the financial year	264,259	73,565
Net increase of shareholders' funds	264,259	73,565
Opening shareholders' funds	392,037	318,472
Closing shareholders' funds	656,296	392,037

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

18 Financial risk management

The company's activities expose it to a variety of financial risks. 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 litigation funding market is now well established in the UK and therefore the risks associated with a nascent market identified in previous years are now not so marked. The company considers that there are significant barriers to entry for any new entrants looking to enter into the higher end of the market. The company continues to see strong demand for its litigation funding product both from within the UK and internationally, despite modest marketing effort 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.

The majority of the Company's debtors (2019 - 53%, 2018 – 88%) are with Group entities or related entities and as such the directors of the Company are able to judge the credit worthiness of those counterparties very effectively.

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

Liquidity risk

Preference shares in the amount of £1,487,324 (2018 - £1,421,279) form the majority of the amounts payable on the balance sheet and are repayable only when the Company has sufficient distributable reserves.

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 12 and 13.

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

18 Financial risk management (continued)

Financial instruments

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

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	66,800	-
Financial assets that are debt instruments measured at amortised cost	2,060,956	2,626,842
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	1,786,204	2,651,349
	<hr/>	<hr/>

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.

19 Related party disclosures

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 Limited 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 £29,875 (2018 - £32,471) in management fees from Therium Jersey Limited. During the year to 31 December 2019 the Company also derecognised £716,485 (2018 - £Nil) in performance fees due from Therium Jersey Limited, none of which were received (2018 - £Nil). The total amount due from Therium Jersey Limited in respect of accrued performance fee is £Nil (2018 - £716,485).

20 Ultimate controlling party

The Directors consider there to be no ultimate controlling party.

The company's immediate parent undertaking is Therium Group Holdings Limited, a company incorporated in Jersey, company number 116955. Therium Group Holdings Limited with all its subsidiaries were included by full consolidation in the consolidated financial statements of AmTrust International Insurance Ltd as at 31 December 2019. Copies of the consolidated financial statements are available from 42nd Floor, 59 Maiden Lane, New York, USA.

AmTrust International Insurance Ltd is the smallest group in which the results of the company are consolidated. Copies of consolidated financial statements of AmTrust International Insurance, Ltd are available from Washington Mall, 4th Floor, Suite 400, 7 Reid Street, Hamilton, Pembroke Parish, HM 11, Bermuda.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

21 Subsequent Events

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The identification of the virus post 31 December 2019 as a new coronavirus, and its subsequent spread, is considered as a non-adjusting subsequent event. With government advised social distancing, it is likely that the timelines for possible court hearings may be shifted, and resultantly, economic flow to the Company could be delayed. Accordingly, as at 31 December 2019, the split between current and non-current assets may be impacted, however, the allocation in the financial statements reflects the conditions known as at that date and does not factor in the effect of COVID-19. As at the date of this report, it is not possible to reliably estimate the financial effect of the virus on the Company's operations or fair value of investments (if any).

There are no other subsequent events from the date of the financial statements through to the date that the financial statements were authorised to be issued.