

Therium Capital Management Limited

Report and Financial Statements

Year Ended

31 December 2017

Company Number 06517819

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Therium Capital Management Limited

Report and financial statements for the year ended 31 December 2017

Contents

Page:

1	Strategic report
3	Directors' report
5	Independent auditor's report
8	Statement of comprehensive income
9	Balance sheet
10	Notes forming part of the financial statements

Directors

J R Byrne
N A Purslow
J Cadle

Secretary and registered office

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

Company number

06517819

Auditor

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

Therium Capital Management Limited

Strategic report for the year ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

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 an increasingly established asset class and has grown into an established and 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 and all litigation cases are subjected to rigorous due diligence procedures by our experienced investment team to ensure only the most robust (both in terms of legal merit and economics) of these are considered for investment. The Company also monitors the investments during their life. The Company continues to see strong demand and so the company has continued to recruit experienced talent with the additions of key finance, operations and investment staff during 2017 and in 2018.

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

Through its 50% indirect shareholding in Novitas Loans Limited the Company has also participated in the development of the market leading provider of loans to family law firms, a strong complimentary business. In May 2017, Therium sold its holding in Novitas Loans for c£12.3m, representing an excellent return on its investment.

During the 2018 financial year, Therium expects to see strong growth in the demand for litigation funding in the UK and internationally. The Therium group as a whole plans to build on its position as a market leader through realising the returns made possible from investing the significant private fundraising secured in 2015 whilst also utilising funds made available as a result of a further significant fundraising (£200m) made by the Therium Group in Q1 2018 and further fundraising planned in late 2018, early 2019. Therium will 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. 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 December 2017 (*continued*)

Performance during the year

The Company's turnover has remained strong during the year to 31 December 2017, bolstered by a £13.1m dividend received from its wholly owned subsidiary, TUKHL. This dividend was received after TUKHL sold its 50% shareholding in Novitas Loans Limited in May 2017. This 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 the year. It should also be noted that the Company has made a provision for bad and doubtful debt of c£0.5m during (2016 - £4k). This provision has been made against a return on a specific litigation case which we continue to pursue vigorously.

	2017	2016
Turnover (including dividends)	£15,232,611	£2,226,943
Administration Expenses	£3,236,379	£1,959,676
Profit after Tax	£11,735,784	£46,848

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

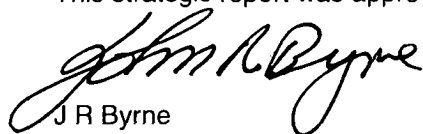
Principal risks and uncertainties

The company is still at a relatively early stage in its growth and the litigation funding market in the UK is 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. The Company continues to expand funds under management and expects to announce a further significant fund raising in quarter 4 2018. 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 8th November 2018 and signed on its behalf



J R Byrne

Director

Therium Capital Management Limited

Directors' report for the year ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the profit for the year.

Financial Risk Management

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

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 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.

Therium Capital Management Limited

Directors' report for the year ended 31 December 2017 (*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.

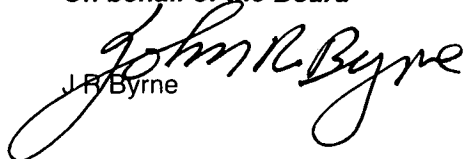
BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Going concern

The company has net assets of £318,472 as at 31 December 2017 (2016 – net liabilities £3,017,312) and therefore the directors have continued to prepare the financial statements on a going concern basis because they consider that, given the revenues generated in the period since the end of the year, the Company can meet its budgeted expenses for the foreseeable future.

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

On behalf of the Board


J. R. Byrne

Director

8th November 2018

Therium Capital Management Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO 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 2017 which comprise the statement of the comprehensive income, the balance sheet and notes 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 2017 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.

Therium Capital Management Limited

Independent auditor's report (*continued*)

Other information

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

Therium Capital Management Limited

Independent auditor's report (*continued*)

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: <https://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.



Daniel Taylor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 8/11/18

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

Therium Capital Management Limited

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	2	2,132,611	2,226,943
Cost of sales		(16,800)	-
Gross profit		2,115,811	2,226,943
Administrative expenses		(3,236,379)	(1,959,676)
Operating (loss) / profit	5	(1,120,568)	267,267
Dividend Income	19	13,100,000	-
Interest receivable and similar income	6	126	86
Interest payable and similar charges	7	(243,774)	(220,505)
Profit on ordinary activities before taxation		11,735,784	46,848
Taxation on profit from ordinary activities	8	-	-
Profit for the financial year after taxation		11,735,784	46,848
Other comprehensive income		-	-
Total comprehensive income		11,735,784	46,848

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.

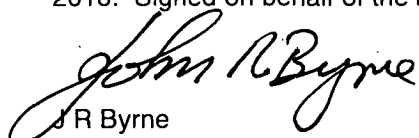
The notes on pages 10 to 21 form part of these financial statements.

Therium Capital Management Limited

Balance sheet at 31 December 2017

Company number 06517819	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	9		29,979		39,255
Equity Investments	10		81,596		88,995
			<hr/>		<hr/>
			111,575		128,250
Current assets					
Debtors	11	1,812,267		920,925	
Loans and receivables	12	2,500,000		2,423,124	
Cash at bank		823,410		1,322,426	
		<hr/>		<hr/>	
		5,135,677		4,666,475	
Creditors: amounts falling due within one year	13	4,928,780		7,812,037	
		<hr/>		<hr/>	
Net current assets / (liabilities)			206,897		(3,145,562)
			<hr/>		<hr/>
Total assets less current liabilities			318,472		(3,017,312)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		123,856		123,856
Share premium	16		963,452		963,452
Profit and loss account	16		(768,836)		(4,104,620)
			<hr/>		<hr/>
Shareholders' funds / (deficit)	17		318,472		(3,017,312)
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 8th November 2018. Signed on behalf of the board.


J R Byrne
Director

The notes on pages 10 to 21 form part of these financial statements.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017

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 2017 to 31 December 2017. The comparative period is from 1 January 2016 to 31 December 2016.

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

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of AmTrust Financial Services, Inc. which are publicly available. These financial statements therefore present information about the company as an individual undertaking and not about its group. Copies of the consolidated AmTrust Financial Services, Inc. financial statements are available from 42nd Floor, 59 Maiden Lane, New York, USA. The requirement to prepare a cash flow statement, the disclosure of related party transactions with and between wholly – owned subsidiaries and some disclosures relating to financial instruments on the basis that the company is part of a larger group.

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

The company has net assets of £318,472 as at 31 December 2017 (2016 – net liabilities £3,017,312) and therefore the directors have continued to prepare the financial statements on a going concern basis because they consider that, given the revenues generated in the period since the end of the year, 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 2017 (*continued*)

1 Accounting policies (*continued*)

Deferred tax

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

Operating leases

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

Financial liability and equity

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

Foreign currencies

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

Loans and Receivables

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

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

Classification

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

Recognition, derecognition and measurement

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

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

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

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

Recognition, derecognition and measurement (continued)

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

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

Movements in fair value arising from changes in assumptions related to each investment in legal claims will be recognised as a corresponding movement to fair value in financial liabilities except in the minority of cases where the Company has made an investment from its own funds where the corresponding movement to fair value will be taken to the profit and loss account.

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

Fair value estimation

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

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

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

Designation at fair value through profit or loss

The company has designated the investments in claims as financial assets at fair value through profit or loss at initial recognition and financial liabilities in respect of funding litigation cases as liabilities through profit or loss at initial recognition as these investments in claims and liabilities are to be managed, evaluated and reported internally on a fair value basis.

Significant estimation techniques

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

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

2 Turnover

	2017 £	2016 £
Case investment returns	4,760	98
Management Fees	1,455,763	1,447,673
Performance Fees	7,942	166,968
Interest receivable on loans	425,343	360,986
Sundry Income	238,803	251,218
	<u>2,132,611</u>	<u>2,226,943</u>

3 Employees

	2017 £	2016 £
Wages and salaries (including directors)	1,520,466	973,106
Social security costs	203,097	125,634
	<u>1,723,563</u>	<u>1,098,740</u>

The average monthly number of employees (all staff are in operations including directors) during the year months was 11 (2016 - 8).

4 Directors

	2017 £	2016 £
Aggregate remuneration for all directors		
Emoluments	410,000	390,000

The total amount payable to the highest paid director in respect of emoluments for the twelve months to 31 December 2017 was £205,000 (2016 - £195,000).

At 31 December 2017 £257,269 was payable to directors in respect of past services (2016 - £271,292)

At 31 December 2017 £159,583 was payable to the highest paid director in respect of past services (2016 - £159,583).

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

5 Operating profit

	2017 £	2016 £
This has been arrived at after charging:		
Depreciation - owned assets	14,999	16,296
Fees payable to the Company's auditor for the audit of the financial statements	5,381	41,447
Foreign exchange loss / (gain)	2,647	(13,347)
Provision for bad and doubtful debt	500,904	4,419
	<u> </u>	<u> </u>

6 Interest receivable and similar income

	2017 £	2016 £
Bank account interest	126	86
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2017 £	2016 £
Loan interest	177,226	153,863
5% preference dividend	66,045	66,226
Bank charges	503	416
	<u> </u>	<u> </u>
	<u>243,774</u>	<u>220,505</u>

In the twelve months to 31 December 2017, £66,045 (2016 - £66,226) of the 5% preference dividend was a payable to Therium Group Holdings Limited, the company's immediate parent company.

8 Taxation on loss from ordinary activities

A liability of £Nil to UK corporation tax arose on ordinary activities for the year ended 31 December 2017 (2016 - £Nil). The unrecognised deferred tax asset arising from losses carried forward is £662,112 (2016 - £478,120) and has not been recognised given the inherent uncertainties regarding the future profit flows and therefore recovery of such an asset.

	2017 £	2016 £
Profit on ordinary activities	11,735,784	46,848
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.25% (2016 - 20.00%)	<u>2,259,138</u>	<u>9,369</u>
Effects of:		
Expenses not deductible for tax	2,422	4,997
Expenses previously disallowed for tax	(2,839)	(7,264)
Capital allowances	1,786	(10,616)
Income not taxable	(2,521,750)	-
Tax losses carried forward	184,778	-
Losses used for group relief	76,465	3,514
	<u> </u>	<u> </u>
Current tax charge	<u>-</u>	<u>-</u>

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

9 Tangible assets

	Fixtures and fittings £	Computer Equipment £	Total £
<i>Cost</i>			
At 1 January 2017	39,037	30,171	69,208
Additions	1,105	4,618	5,723
	<hr/>	<hr/>	<hr/>
At 31 December 2017	40,142	34,789	74,931
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2017	11,849	18,104	29,953
Charge for year	9,589	5,410	14,999
	<hr/>	<hr/>	<hr/>
At 31 December 2017	21,438	23,514	44,952
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2017	18,704	11,275	29,979
	<hr/>	<hr/>	<hr/>
At 31 December 2016	27,188	12,067	39,255
	<hr/>	<hr/>	<hr/>

10 Equity Investments

	Shares in group undertakings £	Unlisted Investments £	Total £
<i>Cost</i>			
At 1 January 2017	1,220	150,000	151,220
Additions	-	50,000	50,000
	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,220	200,000	201,220
	<hr/>	<hr/>	<hr/>
<i>Realisations</i>			
At 1 January 2017	-	62,225	62,225
For the year	-	57,399	57,399
	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	119,624	119,624
	<hr/>	<hr/>	<hr/>
<i>Book value</i>			
At 31 December 2017	1,220	80,376	81,596
	<hr/>	<hr/>	<hr/>
At 31 December 2016	1,220	87,775	88,995
	<hr/>	<hr/>	<hr/>

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

10 Investments (continued)

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

Therium (UK) Holdings Limited

Nature of business: Third party funds for litigation

Country of incorporation: England and Wales

	%		
Class of shares	Holding		
Ordinary	100.00		
		2017	2016
		£	£
Aggregate capital and reserves		827,490	1,739,289
Profit for the year		12,195,312	165,000
		<u> </u>	<u> </u>

Therium Finance No.1 IC

Nature of business: Third party funds for litigation

Country of incorporation: Jersey

	%		
Class of shares	Holding		
Ordinary	34		
		2017	2016
		£	£
Aggregate capital and reserves		(116,090)	(90,046)
Loss for the year		(26,177)	(20,725)
		<u> </u>	<u> </u>

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

11 Debtors: amounts falling due within one year

	2017 £	2016 £
Amounts owed by group undertakings	728,588	56,229
Amounts owed by associated entities	750,077	751,784
Other debtors	288,462	36,446
Prepayments and accrued income	45,140	76,466
	<u>1,812,267</u>	<u>920,925</u>

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

12 Loans and receivables

	2017 £	2016 £
Loan receivable	2,500,000	2,423,123
	<u>2,500,000</u>	<u>2,423,123</u>

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

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Other loans (see note 14)	3,855,234	4,821,786
Other creditors	688,301	2,573,329
Accruals and deferred income	385,245	416,922
	<u>4,928,780</u>	<u>7,812,037</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, £688,245 (2016 - £1,486,877) is payable to the Company's immediate parent and £Nil (2016 - £997,885) is payable to group undertakings.

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 *(continued)*

14 Loans

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Other loans	2,500,000	3,176,302
Preference shares	1,355,234	1,645,484
	<u>3,855,234</u>	<u>4,821,786</u>

Other loans includes £Nil (2016 - £1,000,000) payable to City Of London Group Plc, who were, until 29 April 2015 a 50% shareholder of the company, and £2,500,000 (2016 - £2,176,301) payable to associated entities. Preference shares includes £1,355,234 (2016 - £1,645,484) payable to the Company's immediate parent.

Details of shares shown as liabilities are as follows:

	2017 Number	Allotted, issued and fully paid 2016 Number	2017 £	2016 £
5% preference shares of £1 each	1,271,900	1,271,900	1,355,234	1,645,484
	<u>1,271,900</u>	<u>1,271,900</u>	<u>1,355,234</u>	<u>1,645,484</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 2017 *(continued)*

15 Share capital

	2017 Number	Allotted, issued and fully paid 2016 Number	2017 £	2016 £
Ordinary shares of £1 each	123,856	123,856	123,856	123,856

16 Reserves

	Profit and loss account £	Share premium £	Called up share capital £	Total £
At 1 January 2017	(4,104,620)	963,452	123,856	(3,017,312)
Profit for the year	11,735,784	-	-	11,735,784
Dividend Paid	(8,400,000)	-	-	(8,400,000)
At 31 December 2017	(768,836)	963,452	123,856	318,472

17 Reconciliation of movements in shareholders' funds

	2017 £	2016 £
Profit for the financial year	11,735,784	46,848
Dividend Paid	(8,400,000)	-
Net increase of shareholders' funds	3,335,784	46,848
Opening shareholders' funds	(3,017,312)	(3,064,160)
Closing shareholders' funds	318,472	(3,017,312)

Therium Capital Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*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.

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

Liquidity risk

Of the Company's debt a significant proportion (£2,500,000 (2016 - £2,176,301) of other loans is backed by investment into litigation cases and therefore repayment is contingent upon success of those cases. The preference shares in the amount of £1,355,234 (2016 - £1,645,484) are repayable only when the Company has sufficient distributable reserves.

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

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

Cash flow and interest rate risk

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

Capital risk management

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

Fair value estimation

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

Therium Capital Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

18 Financial risk management (continued)

Financial instruments

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

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	5,090,537	4,590,009
Financial liabilities		
Financial liabilities measured at amortised cost	4,543,535	7,395,115

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 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 £36,904 (2016 - £59,666) in management fees from Therium Jersey Limited. During the year to 31 December 2017 the Company also derecognised £18,598 (2016 – recognised £178,640) in performance fees due from Therium Jersey Limited, none of which were received (2016 - £Nil). The total amount due from Therium Jersey Limited in respect of accrued performance fee is £716,485 (2016 - £735,083).

20 Ultimate controlling party

There is no ultimate controlling party.