

Acheron Capital Limited

Registered number: 05588630

Directors' report and financial statements

For the year ended 31 December 2013



ACHERON CAPITAL LIMITED

COMPANY INFORMATION

Directors	Jean-Michel Paul Peter Swete John Felitti Carlo Toller Jean-Marc Winand
Company secretary	Jean-Michel Paul
Registered number	05588630
Registered office	20-22 Bedford Row London WC1R 4JS
Independent auditors	Rees Pollock Chartered Accountants & Registered Auditors 35 New Bridge Street London EC4V 6BW
Accountants	Mazars LLP Times House Throwley Way Sutton Surrey SM1 4JQ

ACHERON CAPITAL LIMITED

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ACHERON CAPITAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Introduction

The company provides investment management and advisory services. Fees charged are based on the size of the assets managed and advised.

Business review

These US trusts the company advises are essentially in run-off mode and, given the specific strategy under which they operate of acquisition of distressed life settlements, it is unlikely that they can be materially renewed at this stage. While the return of the capital to investors in the years ahead has to be seen as an investment success, it also indicates that in the years ahead the company's income from this source will gradually decrease. Thus the premise of the strategy is that, while the company should have a sizable and stable outcome for the immediate years ahead, this income will automatically decline over time.

To counter this effect, the company has invested in a broader ILS strategy, creating a cat bond fund a few years ago. Unfortunately, the fund, despite a steady above-market performance, has failed to attract a large number of investors. More importantly, in our professional opinion, the cat bond market has now turned, and the increased probability of an adverse event is no longer well compensated by declining premiums. Accordingly, and bearing in mind the interest of the investors foremost, in December 2013 it was decided by the Board to put the cat bond product 'on ice' until market conditions recover.

As an alternative to a broader ILS strategy, the company has been researching cyclically well positioned niche products that it could develop and sell to investors. Two strategies have been determined: private debt in North-East Asia and distressed Real Estate in Florida. In order to execute these strategies, hiring has taken place to ensure that Acheron has both the capacity to manage these strategies as well as the additional marketing strength to distribute it. Furthermore, local agreements have been made or are being made to enable local access to the underlying products. It is to be noted that further 'research projects' associated with these developments are continuing, for instance we are continuing to explore the possibility of a Vietnamese Real Estate Investment Trust. The real estate projects however are at a much earlier stage of development.

The simultaneous development of these two new ranges of products are challenging in two ways. First, Acheron needs to establish its credentials and credibility in sectors it has not previously been associated with. Secondly, considerable resources have to be allocated to ensure the management and distribution of the product can be delivered at the standard investors have come to expect from the company. The Board recognises that it will be critical to the ongoing success of the business that one of these two new products, and any others developed in the coming years, reach a critical size to offset the declining income predicted from the existing life settlement products.

Due to the nature and complexity of the products offered and to be offered as these strategies develop, the Firm intends to retain its current authorizations regarding the type of clients it can deal with and will continue to market to Professional clients and Eligible counterparties only.

Principal risks and uncertainties

In the short term, the main risk for the company is the currency risk. Revenues are overwhelmingly in US\$ while fixed costs are in GB£. The company continues to monitor this risk and keeps sufficient capital to cover this risk. In the medium term the main uncertainty and risk for the business come from the capacity of the company to increase the assets under management and the revenues generated.

ACHERON CAPITAL LIMITED

STRATEGIC REPORT (continued)

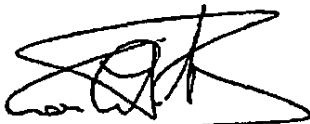
Financial key performance indicators

The assets under management as at 31 December 2013 were £82m (2012 - £79m). This small increase in AUM is driven by the creation of the Class D of Acheron Portfolio Corporation (Luxembourg) S.A. with a committed capital of US\$ 7.6m

Profit for the year amounted to £162,502 (2012 - £217,481) The lower profitability of the company was driven mainly by increased staff and marketing costs

This report was approved by the board on 3 APRIL 2014

and signed on its behalf



Carlo Toller
Director

ACHERON CAPITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors' responsibilities statement

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

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

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

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

Results

The profit for the year, after taxation, amounted to £162,502 (2012 - £217,481)

Directors

The directors who served during the year were

Jean-Michel Paul
Peter Swete
John Felitti
Carlo Toller

Pillar 3 Disclosures

The firm has documented the disclosures required by the FCA under BIPRU 11. These are available from 1 Great Cumberland Place, London, W1H 7AL.

ACHERON CAPITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Disclosure of Information to auditors

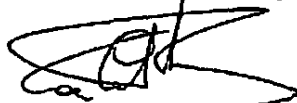
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Carlo Teller
Director

Date: 15/04/2014



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ACHERON CAPITAL LTD

We have audited the financial statements of Acheron Capital Limited for the year ended 31 December 2013, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Peter Scott (Senior statutory auditor)
for and on behalf of
Rees Pollock, Statutory Auditor

16 April 2014

ACHERON CAPITAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Turnover	1	1,439,068	1,247,616
Administrative expenses		(1,243,498)	(978,938)
		<hr/>	<hr/>
Operating profit	3	195,570	268,678
Income from other fixed asset investments		-	8,188
Profit on disposal of investments		16,328	-
Interest receivable and similar income		50	65
		<hr/>	<hr/>
Profit on ordinary activities before taxation		211,948	276,931
Tax on profit on ordinary activities	7	(49,446)	(59,450)
		<hr/>	<hr/>
Profit for the financial year	14	162,502	217,481
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 9 to 17 form part of these financial statements

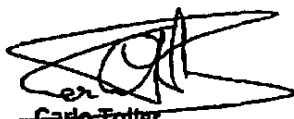
ACHERON CAPITAL LIMITED

Registered number: 05588630

BALANCE SHEET**AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	8		40,736		38,993
Investments	9		771,753		670,245
			<u>812,489</u>		<u>709,238</u>
Current assets					
Debtors	10	202,612		106,730	
Cash at bank and in hand		279,014		341,760	
		<u>481,626</u>		<u>448,490</u>	
Creditors: amounts falling due within one year	11	(783,620)		(741,254)	
Net current liabilities			<u>(311,994)</u>		<u>(292,764)</u>
Total assets less current liabilities			<u>500,495</u>		<u>416,474</u>
Provisions for liabilities					
Deferred tax	12		(1,519)		-
Net assets			<u><u>498,976</u></u>		<u><u>416,474</u></u>
Capital and reserves					
Called up share capital	13		100,000		100,000
Profit and loss account	14		398,976		316,474
Shareholders' funds	15		<u><u>498,976</u></u>		<u><u>416,474</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Carlo Totter
Director

Date: 15/04/2014

The notes on pages 9 to 17 form part of these financial statements

ACHERON CAPITAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	17	188,393	386,878
Returns on investments and servicing of finance	18	50	8,253
Taxation		(59,450)	(38,946)
Capital expenditure and financial investment	18	(109,739)	(247,962)
Equity dividends paid		(80,000)	(80,000)
		<hr/>	<hr/>
(Decrease)/Increase in cash in the year		(62,746)	28,223

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	(62,746)	28,223
	<hr/>	<hr/>
Movement in net funds in the year	(62,746)	28,223
Net funds at 1 January 2013	341,760	313,537
	<hr/>	<hr/>
Net funds at 31 December 2013	279,014	341,760

The notes on pages 9 to 17 form part of these financial statements.

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Going concern

The company has a satisfactory capital position and as a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The company has net current liabilities at the balance sheet date. However, based on predicted revenue and expenses for the next twelve months the directors have prepared a cash flow forecast and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Additionally, the directors do not consider the company to be exposed to significant liquidity risk as the fixed asset investments of £771,753 could be realised in a short space of time if the directors deemed it necessary. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Motor vehicles	-	33.33% straight line
Furniture & Fixtures	-	33.33% straight line
Computer equipment	-	33.33% straight line

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

1.6 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.

1.7 Investments

Listed and unlisted investments held as fixed assets are shown at historic cost at the balance sheet date, unless there has been a permanent diminution in value.

2. Turnover

The whole of the turnover is attributable to the company's principal activity of providing management services

A geographical analysis of turnover is as follows.

	2013 £	2012 £
E.U	15,056	19,088
Rest of world	1,424,012	1,228,528
	<u>1,439,068</u>	<u>1,247,616</u>

3. Operating profit

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	22,816	14,632
Difference on foreign exchange	17,217	18,607
Operating lease - Land & Buildings	29,594	27,531
Profit on disposal of fixed asset	24,169	128
	<u>93,796</u>	<u>60,898</u>

4. Auditors' remuneration

	2013 £	2012 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>6,500</u>	<u>6,250</u>

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	379,920	305,149
Social security costs	44,483	37,432
	<u>424,403</u>	<u>342,581</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Directors	2	2
Others	5	4
	<u>7</u>	<u>6</u>

6. Directors' remuneration

	2013 £	2012 £
Remuneration	<u>151,250</u>	<u>100,000</u>

7. Taxation

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	47,927	59,450
Deferred tax (see note 12)		
Origination and reversal of timing differences	1,519	-
Tax on profit on ordinary activities	<u>49,446</u>	<u>59,450</u>

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2012 - lower than) the standard rate of corporation tax in the UK of 20% (2012 - 24 5%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	211,948	276,931
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 24 5%)	42,390	67,841
Effects of:		
Expenses not deductible for tax purposes	10,272	6,362
Depreciation in excess of capital allowances	(1,817)	(524)
Timing differences on fixed assets	264	87
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(3,268)	-
Capital gains	84	715
Dividends from Luxembourg companies	-	(2,006)
Marginal relief	-	(13,035)
Current tax charge for the year (see note above)	47,927	59,450

8. Tangible fixed assets

	Motor vehicles £	Furniture & Fixtures £	Computer equipment £	Total £
Cost				
At 1 January 2013	32,165	9,350	24,151	65,666
Additions	-	1,722	22,837	24,559
At 31 December 2013	32,165	11,072	46,988	90,225
Depreciation				
At 1 January 2013	7,148	2,758	16,767	26,673
Charge for the year	10,721	2,682	9,413	22,816
At 31 December 2013	17,869	5,440	26,180	49,489
Net book value				
At 31 December 2013	14,296	5,632	20,808	40,736
At 31 December 2012	25,017	6,592	7,384	38,993

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. Fixed asset investments

	Unlisted Investments £	Listed Investments £	Total £
Cost			
At 1 January 2013	403,862	266,383	670,245
Purchase price	450,445	26,577	477,022
Disposals	(375,514)	-	(375,514)
Transfer between classes	38,172	(38,172)	-
At 31 December 2013	516,965	254,788	771,753
Net book value			
At 31 December 2013	516,965	254,788	771,753
At 31 December 2012	403,862	266,383	670,245

Listed investments

The market value of the listed investments at 31 December 2013 was £215,697 (2012 - £343,109)

10. Debtors

	2013 £	2012 £
Due after more than one year		
Other debtors	34,553	16,440
Due within one year		
Trade debtors	82,283	32,146
VAT recoverable	8,336	5,607
Other debtors	61,238	36,743
Prepayments	16,202	15,794
	202,612	106,730

11. Creditors: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	54,066	23,407
Corporation tax	47,927	59,450
Other taxation and social security	10,197	9,369
Other creditors	23,042	72,646
Accruals and deferred income	658,388	576,382
	793,620	741,254

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12. Deferred taxation

	2013 £	2012 £
At beginning of year	-	-
Charge for year (P&L)	1,519	-
At end of year	<u>1,519</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	2013 £	2012 £
Accelerated capital allowances	<u>1,519</u>	<u>-</u>

13. Share capital

	2013 £	2012 £
Authorised, allotted, called up and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

14. Reserves

	Profit and loss account £
At 1 January 2013	318,474
Profit for the financial year	162,502
Dividends: Equity capital	(80,000)
At 31 December 2013	<u>398,976</u>

15. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	416,474	278,993
Profit for the financial year	162,502	217,481
Dividends (Note 16)	(80,000)	(80,000)
Closing shareholders' funds	<u>498,976</u>	<u>416,474</u>

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

16. Dividends

	2013 £	2012 £
Dividends paid on equity capital	80,000	80,000

17. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	195,570	268,678
Depreciation of tangible fixed assets	22,816	14,632
Impairments of fixed assets	-	10,753
(Increase)/decrease in debtors	(95,881)	138,167
Increase/(decrease) in creditors	63,888	(45,342)
Net cash inflow from operating activities	186,393	386,878

18. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	50	65
Income from investments	-	8,188
Net cash inflow from returns on investments and servicing of finance	50	8,253
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(24,559)	(46,438)
Sale of tangible fixed assets	-	12,872
Purchase of listed investments	(26,577)	(45,176)
Sale of listed investments	-	52,180
Purchase of unlisted and other investments	(450,445)	(231,585)
Sale of unlisted and other investments	391,842	10,185
Net cash outflow from capital expenditure	(109,739)	(247,962)

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

19. Analysis of changes in net funds

	1 January 2013 £	Cash flow £	31 December 2013 £
Cash at bank and in hand	341,760	(62,746)	279,014
Net funds	<u>341,760</u>	<u>(62,746)</u>	<u>279,014</u>

20. Operating lease commitments

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
Expiry date:		
Within 1 year	6,260	-
Between 2 and 5 years	<u>-</u>	<u>27,531</u>

ACHERON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

21. Related party transactions

The company Furstenberg SARL is a related party with Jean-Michel Paul as a director. During the period Acheron Capital Ltd provided advisory services to Furstenberg SARL amounting to £5,546 (£8,335 - 2012). The outstanding balance at year-end was nil (£349 - 2012).

During the year, dividends of £80,000 (2012: £80,000) were paid to Jean-Michel Paul, a director.

22. Controlling party

Mr Jean-Michel Paul is the controlling party of the company.