

# Acheron Capital Limited

Registered number: 05588630

## Annual Report

For the year ended 31 December 2017

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**ACHERON CAPITAL LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J M Paul P G Swete J A Felitti C Toller J M Winand
<b>Registered number</b>	05588630
<b>Registered office</b>	Suite 1, 3rd Floor 11-12 St. James' Square London United Kingdom SW1Y 4LB
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

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**ACHERON CAPITAL LIMITED**

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## **ACHERON CAPITAL LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Introduction**

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

#### **Business review**

Four US trusts the group advises are in run off mode but during 2017 Avernus and Styx Portfolio Trust received additional funds from the issuance of new Class F and Class G shares of Acheron Portfolio Corporation (Luxembourg) S.A. ("APC"). In 2017 maturities and performances were above expectations and this allowed for substantial distributions to investors of two share classes in APC in March 2018. The overall impact of distributions and external valuation of the portfolios is slightly positive in terms of AUM and 2018 group's income will be similar to 2017. While the return of the capital to investors has to be seen as an investment success, it also indicates that in the years ahead the group's income from this source will gradually decrease. Thus the premise of the strategy is that, while the group should have a sizable and stable income for the immediate years ahead, this income in US dollars will automatically decline over time. In March 2018 APC sold all its assets and liabilities to Life Settlement Assets Plc, an investment group listed on the London Stock Exchange Specialised Fund Segment. The Firm continues to manage the underlying US Trust and has entered into a service agreement with the new UK group.

As an alternative to a broader Integrated Logistics Support strategy, the group has been researching cyclically well positioned niche products that it could develop and sell to investors. Hopewell SV SCA, an Alternative Investment Fund based in Luxembourg investing in private debt to SME in South Korea, is the product the group has been developing for a while. In September 2017 it reached US\$ 13.7M AUM and in February 2018 US\$ 19.3M. The increase in AUM was driven by new institutional investors mainly.

The development of this product is challenging in two ways. First, the group 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 group. The Board recognises that it will be critical to the ongoing success of the business that this new product, and any others developed in the coming years, reaches 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 group 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.

Currency movements in 2017 impacted negatively the turnover figure in GB£.

#### **Principal risks and uncertainties**

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

#### **Going concern**

The financial statements are prepared on a going concern basis. The group remains assured of the financial support provided by the ultimate parent company. The directors have received confirmation that the ultimate parent company will continue to support the group and provide it with adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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**ACHERON CAPITAL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

**Principal activity**

The principal activity of the group is that of the provision of investment management and advisory services.

**Directors**

The directors who served during the year were:

J M Paul  
P G Swete  
J A Felitti  
C Toller  
J M Winand

**Directors' responsibilities statement**

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Matters covered in strategic report**

As permitted in paragraph 1A of Schedule 7 to Large and Medium-sized Companies and Groups (accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 to 3. These matters relate to the review of the group's business, principal risks and uncertainties facing the group, the position of the company's business at the end of the year, future developments, key performance indicators and environmental and employee matters.

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**ACHERON CAPITAL LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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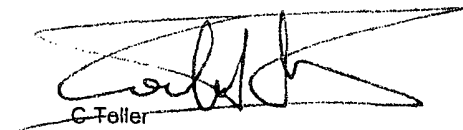
**Financial key performance indicators**

The assets under management as at 31 December 2017 were £118M (2016: £105M). This increase in AUM was due to a capital increase of US\$ 4M in Hopewell, the issuance of the Class F and G shares of Acheron Portfolio Corporation (Luxemburg) S.A. for a total capital increase of US\$ 1.5M and increase of the valuation of APC class of shares at the end of December 2017.

The profit for the year amounted to £347,137 (2016: £710,767). Most of the decrease is due to the depreciation of the US\$, increased investment in marketing and higher professional fees.

During the remaining period of 2017, further dividends of £150,000 (2016: £100,000) were declared and paid.

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



C. Teller  
Director

Date: 23/04/2018

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**ACHERON CAPITAL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Provision of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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 and the Group's auditor is aware of that information.

**Post balance sheet events**

On 24 January 2018, Life Settlement Assets Ltd reregistered as a public limited company and on 31 March 2018, Life Settlement Assets Ltd issued 71,068,874 ordinary shares. Acheron Capital Ltd retained 260,868 shares, an overall holding of 0.37%.

**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.

**Auditor**

The auditor, Mazars LLP, will be proposed for appointment in accordance with section 489 of the Companies Act 2006.

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



C Toller  
Director

Date: 23/04/2018

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**ACHERON CAPITAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACHERON CAPITAL LIMITED**

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**Opinion**

We have audited the financial statements of Acheron Capital Limited (the 'parent' ) and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company's statement of financial position, the Consolidated statement of changes in equity, the Company's statement of changes in equity, the Consolidated statement of cash flows 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 FRS 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 group's and of the parents affairs as at 31 December 2017 and of the group's 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 group and its parent 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.

**Use of the audit 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.

**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 group's or the parent'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.



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**ACHERON CAPITAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACHERON CAPITAL LIMITED**

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**Other information**

The directors are responsible for the other information. The other information comprises the information 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its parent and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

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**ACHERON CAPITAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACHERON CAPITAL LIMITED**

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**Responsibilities of Directors**

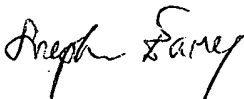
As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable 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 Group'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 intend to liquidate the Group 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 on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Stephen Eames (Senior statutory auditor)  
For and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date: 23 Apr 2018

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**ACHERON CAPITAL LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Note	2017 £	2016 £
Turnover	4	1,693,734	1,536,601
<b>Gross profit</b>		<u>1,693,734</u>	<u>1,536,601</u>
Administrative expenses		(1,346,894)	(888,105)
<b>Operating profit</b>	5	<u>346,840</u>	<u>648,496</u>
Income from fixed assets investments		-	10,713
Gain on disposal of investments		98,936	203,776
Interest receivable and similar income	9	<u>72</u>	<u>88</u>
<b>Profit before tax</b>		<u>445,848</u>	<u>863,073</u>
Tax on profit	10	(98,711)	(152,306)
<b>Profit for the financial year</b>		<u><u>347,137</u></u>	<u><u>710,767</u></u>
<b>Total comprehensive income for the year</b>		<u><u>347,137</u></u>	<u><u>710,767</u></u>

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 30 form part of these financial statements.

**ACHERON CAPITAL LIMITED**  
**REGISTERED NUMBER: 05588630**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	47,260	65,810
Investments	14	584,756	1,216,439
		<u>632,016</u>	<u>1,282,249</u>
<b>Current assets</b>			
Debtors	15	264,605	109,567
Cash at bank and in hand	16	1,027,614	406,979
		<u>1,292,219</u>	<u>516,546</u>
Creditors: amounts falling due within one year	17	(363,589)	(424,335)
<b>Net current assets</b>		<u>928,630</u>	<u>92,211</u>
<b>Total assets less current liabilities</b>		<u>1,560,646</u>	<u>1,374,460</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	-	(10,951)
		<u>-</u>	<u>(10,951)</u>
<b>Net assets</b>		<u><u>1,560,646</u></u>	<u><u>1,363,509</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	100,000	100,000
Profit and loss account	19	1,460,646	1,263,509
		<u>1,560,646</u>	<u>1,363,509</u>

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

  
C. Toller  
Director

Date: 23/04/2018

The notes on pages 14 to 30 form part of these financial statements.

**ACHERON CAPITAL LIMITED**  
**REGISTERED NUMBER: 05588630**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	47,260	65,810
Investments	14	634,756	1,216,439
		<u>682,016</u>	<u>1,282,249</u>
<b>Current assets</b>			
Debtors	15	264,605	109,567
Cash at bank and in hand	16	1,027,614	406,979
		<u>1,292,219</u>	<u>516,546</u>
Creditors: amounts falling due within one year	17	(413,589)	(424,335)
<b>Net current assets</b>		<u>878,630</u>	<u>92,211</u>
<b>Total assets less current liabilities</b>		<u>1,560,646</u>	<u>1,374,460</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	-	(10,951)
		<u>-</u>	<u>(10,951)</u>
<b>Net assets excluding pension asset</b>		<u>1,560,646</u>	<u>1,363,509</u>
<b>Net assets</b>		<u>1,560,646</u>	<u>1,363,509</u>
<b>Capital and reserves</b>			
Called up share capital	20	100,000	100,000
Profit and loss account	19	1,460,646	1,263,509
		<u>1,560,646</u>	<u>1,363,509</u>

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

  
C. Toller  
Director

Date: 23/04/2018

The notes on pages 14 to 30 form part of these financial statements.

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**ACHERON CAPITAL LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	100,000	1,263,509	1,363,509
<b>Comprehensive income for the year</b>			
Profit for the year	-	347,137	347,137
<b>Total comprehensive income for the year</b>	-	347,137	347,137
Dividends: Equity capital	-	(150,000)	(150,000)
<b>Total transactions with owners</b>	-	(150,000)	(150,000)
<b>At 31 December 2017</b>	<b>100,000</b>	<b>1,460,646</b>	<b>1,560,646</b>

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	100,000	652,742	752,742
<b>Comprehensive income for the year</b>			
Profit for the year	-	710,767	710,767
<b>Total comprehensive income for the year</b>	-	710,767	710,767
Dividends: Equity capital	-	(100,000)	(100,000)
<b>Total transactions with owners</b>	-	(100,000)	(100,000)
<b>At 31 December 2016</b>	<b>100,000</b>	<b>1,263,509</b>	<b>1,363,509</b>

The notes on pages 14 to 30 form part of these financial statements.

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**ACHERON CAPITAL LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	100,000	1,263,509	1,363,509
<b>Comprehensive income for the year</b>			
Profit for the year	-	347,137	347,137
<b>Total comprehensive income for the year</b>	-	347,137	347,137
Dividends: Equity capital	-	(150,000)	(150,000)
<b>Total transactions with owners</b>	-	(150,000)	(150,000)
<b>At 31 December 2017</b>	<u>100,000</u>	<u>1,460,646</u>	<u>1,560,646</u>

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	100,000	652,742	752,742
<b>Comprehensive income for the year</b>			
Profit for the year	-	710,767	710,767
<b>Total comprehensive income for the year</b>	-	710,767	710,767
Dividends: Equity capital	-	(100,000)	(100,000)
<b>Total transactions with owners</b>	-	(100,000)	(100,000)
<b>At 31 December 2016</b>	<u>100,000</u>	<u>1,263,509</u>	<u>1,363,509</u>

The notes on pages 14 to 30 form part of these financial statements.

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**ACHERON CAPITAL LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	347,137	710,767
<b>Adjustments for:</b>		
Depreciation of tangible assets	22,463	3,595
Interest received	(72)	(10,801)
Taxation charge	98,711	152,306
(Increase)/decrease in debtors	(154,246)	5,163
Decrease in creditors	(30,053)	(118,276)
Corporation tax (paid)	(141,147)	(77,210)
Profit on sale of investment	(98,936)	(203,776)
Loss on revaluation of investment	199,880	-
<b>Net cash generated from operating activities</b>	<b>243,737</b>	<b>461,768</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(3,913)	(66,704)
Purchase of unlisted and other investments	(1,275,870)	(485,574)
Sale of unlisted and other investments	1,806,609	210,327
Interest received	72	88
Income from investments	-	10,713
<b>Net cash generated from/(used in) investing activities</b>	<b>526,898</b>	<b>(331,150)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(150,000)	(100,000)
<b>Net cash used in financing activities</b>	<b>(150,000)</b>	<b>(100,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>620,635</b>	<b>30,618</b>
Cash and cash equivalents at beginning of year	406,979	376,361
<b>Cash and cash equivalents at the end of year</b>	<b>1,027,614</b>	<b>406,979</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,027,614	406,979
	<b>1,027,614</b>	<b>406,979</b>

The notes on pages 14 to 30 form part of these financial statements.



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## **ACHERON CAPITAL LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1. General information**

Acheron Capital Limited is a private company limited by shares incorporated in the United Kingdom. The address of its registered office is Suite 1, 3rd Floor, 11-12 St James' Square, London, United Kingdom, SW1Y 4LB.

The principal activity of the group is that of the provision of investment management and advisory services.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the group operates and is rounded to the nearest pound.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### **2.3 Going concern**

The financial statements are prepared on a going concern basis. The company remains assured of the financial support provided by the ultimate parent company. The directors have received confirmation that the ultimate parent company will continue to support the company and provide it with adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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**ACHERON CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)****2.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

**2.6 Operating leases**

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

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**ACHERON CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)****2.7 Valuation of investments**

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income for the year. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the year.

**2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.10 Financial instruments**

The group's policy for accounting for investments is disclosed elsewhere. The group does not trade in other financial instruments and all other such instruments arise directly from operations. All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The group does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment. The group's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings. Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished. As the group only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**ACHERON CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.12 Foreign currency translation**

**Functional and presentation currency**

The group's functional and presentational currency is GBP.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'Administrative expenses'.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.14 Interest income**

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

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**ACHERON CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)****2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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**ACHERON CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. Judgements in applying accounting policies and key sources of estimation uncertainty****Critical judgements in applying the group's accounting policies**

The critical judgements that the directors have made in the process of applying the group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**Determining useful economic lives of tangible and intangible fixed assets**

The group depreciate tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on variety of factors, including technological innovation, product life cycles and maintenance programmes.

**Recoverability of debtors**

The group establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the director has considered factors such as the aging of the debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

**Key sources of estimation uncertainty**

There are no material key sources of estimation uncertainty.

**4. Turnover**

Analysis of turnover by country of destination:

	2017 £	2016 £
Rest of Europe	-	134,904
Rest of the world	1,693,734	1,401,698
	<u>1,693,734</u>	<u>1,536,602</u>

The rest of the world figure relates to turnover from United States of America, and the rest of Europe figure relates to turnover from Luxembourg.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Operating profit**

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

	2017	2016
	£	£
Depreciation of tangible fixed assets	22,463	3,595
Exchange differences	115,515	(20,985)
Other operating lease rentals	29,700	29,700
Gain on disposal / revaluation of investments	98,936	-
	<u>196,614</u>	<u>12,310</u>

**6. Auditor's remuneration**

	2017	2016
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	10,000	6,500
	<u>10,000</u>	<u>6,500</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	3,880	-
All other services	14,800	-
	<u>18,680</u>	<u>-</u>

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**7. Employees**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	328,583	341,701
Social security costs	27,930	26,011
	<u>356,513</u>	<u>367,712</u>

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

	Group 2017 No.	Group 2016 No.	Company 2017 No.	Company 2016 No.
Directors	3	3	3	3
Others	5	3	5	3
	<u>8</u>	<u>6</u>	<u>8</u>	<u>6</u>

**8. Directors' remuneration**

	2017 £	2016 £
Emoluments	207,000	210,000
	<u>207,000</u>	<u>210,000</u>

The highest paid director received remuneration of £130,000 (2016: £110,000).

**9. Interest receivable**

	2017 £	2016 £
Other interest receivable	72	88
	<u>72</u>	<u>88</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**10. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	115,419	146,112
Adjustments in respect of previous periods	(4,965)	(3,388)
	<u>110,454</u>	<u>142,724</u>
<b>Total current tax</b>	<u>110,454</u>	<u>142,724</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(10,827)	10,473
Changes to tax rates	(916)	(891)
<b>Total deferred tax</b>	<u>(11,743)</u>	<u>9,582</u>
<b>Taxation on profit on ordinary activities</b>	<u>98,711</u>	<u>152,306</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	445,848	863,073
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	85,810	172,615
<b>Effects of:</b>		
Expenses not deductible for tax purposes	10,571	10,971
Income not deductible for tax purposes	(19,289)	-
Adjustments to tax charge in respect of prior periods	(4,965)	(3,388)
Other timing differences leading to an increase (decrease) in taxation	-	4,296
Non-taxable income	697	(40,756)
Adjustment for closing deferred tax to average rate of 19.25%	(60)	(554)
Adjustment for opening deferred tax to average rate of 19.25%	273	(379)
Deferred taxation	(10,827)	-
Chargeable gains	36,501	9,501
<b>Total tax charge for the year</b>	<b>98,711</b>	<b>152,306</b>

**Factors affecting tax charge for the year**

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in July 2015 and has taken effect from 1 April 2017. A further reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted in September 2016.

**11. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £347,137 (2016: £710,676).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Dividends**

	2017 £	2016 £
Dividends paid	150,000	100,000
	<u>150,000</u>	<u>100,000</u>

**13. Tangible fixed assets**

**Group**

	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2017	50,003	11,072	64,480	125,555
Additions	-	-	3,913	3,913
At 31 December 2017	<u>50,003</u>	<u>11,072</u>	<u>68,393</u>	<u>129,468</u>
<b>Depreciation</b>				
At 1 January 2017	-	11,072	48,673	59,745
Charge for the year on owned assets	16,668	-	5,795	22,463
At 31 December 2017	<u>16,668</u>	<u>11,072</u>	<u>54,468</u>	<u>82,208</u>
<b>Net book value</b>				
At 31 December 2017	<u>33,335</u>	<u>-</u>	<u>13,925</u>	<u>47,260</u>
At 31 December 2016	<u>50,003</u>	<u>-</u>	<u>15,807</u>	<u>65,810</u>

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**ACHERON CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Tangible fixed assets (continued)****Company**

	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2017	50,003	11,072	64,480	125,555
Additions	-	-	3,913	3,913
At 31 December 2017	50,003	11,072	68,393	129,468
<b>Depreciation</b>				
At 1 January 2017	-	11,072	48,673	59,745
Charge for the year on owned assets	16,668	-	5,795	22,463
At 31 December 2017	16,668	11,072	54,468	82,208
<b>Net book value</b>				
At 31 December 2017	33,335	-	13,925	47,260
At 31 December 2016	50,003	-	15,807	65,810

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**14. Fixed asset investments****Group**

	<b>Listed investments £</b>	<b>Unlisted investments £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2017	174,720	1,041,719	1,216,439
Additions	-	1,275,870	1,275,870
Disposals	-	(1,707,673)	(1,707,673)
Revaluations	12,433	(212,313)	(199,880)
At 31 December 2017	<u>187,153</u>	<u>397,603</u>	<u>584,756</u>
<b>Net book value</b>			
At 31 December 2017	<u>187,153</u>	<u>397,603</u>	<u>584,756</u>
At 31 December 2016	<u>174,720</u>	<u>1,041,719</u>	<u>1,216,439</u>

On 24 January 2018, Life Settlement Assets Ltd reregistered as a public limited company and on 31 March 2018, Life Settlement Assets Ltd issued 71,068,874 ordinary shares. Acheron Capital Ltd retained 260,868 shares, an overall holding of 0.37%.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**14. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Life settlement assets Limited	Ordinary	100 %	Activities of investment trusts.

**Listed investments**

The fair value of the listed investments at 31 December 2017 was £187,153 (2016 - £174,720).

**Company**

	<b>Listed investments £</b>	<b>Unlisted investments £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2017	174,720	1,041,719	1,216,439
Additions	-	1,325,870	1,325,870
Disposals	-	(1,707,673)	(1,707,673)
Revaluations	12,433	(212,313)	(199,880)
At 31 December 2017	<u>187,153</u>	<u>447,603</u>	<u>634,756</u>
<b>Net book value</b>			
At 31 December 2017	<u>187,153</u>	<u>447,603</u>	<u>634,756</u>
At 31 December 2016	<u>174,720</u>	<u>1,041,719</u>	<u>1,216,439</u>

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**15. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
<b>Due after more than one year</b>				
Other debtors	16,440	16,440	16,440	16,440
	<u>16,440</u>	<u>16,440</u>	<u>16,440</u>	<u>16,440</u>
<b>Due within one year</b>				
Trade debtors	6,361	-	6,361	-
Other debtors	30,256	19,308	30,256	19,308
Prepayments and accrued income	210,756	73,819	210,756	73,819
Deferred taxation	792	-	792	-
	<u>264,605</u>	<u>109,567</u>	<u>264,605</u>	<u>109,567</u>

**16. Cash and cash equivalents**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Cash at bank and in hand	1,027,614	406,979	1,027,614	406,979
	<u>1,027,614</u>	<u>406,979</u>	<u>1,027,614</u>	<u>406,979</u>

**17. Creditors: Amounts falling due within one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade creditors	44,179	41,669	44,179	41,669
Amounts owed to group undertakings	-	-	50,000	-
Corporation tax	115,394	146,087	115,394	146,087
Other taxation and social security	7,842	24,243	7,842	24,243
Other creditors	11,251	30,004	11,251	30,004
Accruals and deferred income	184,923	182,332	184,923	182,332
	<u>363,589</u>	<u>424,335</u>	<u>413,589</u>	<u>424,335</u>

Amounts owed to group undertakings are interest free and repayable on demand.

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**ACHERON CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Deferred taxation****Group****2017  
£**

At beginning of year	(10,951)
Charged to the profit or loss	11,743
<b>At end of year</b>	<b>792</b>

**Company****2017  
£**

At beginning of year	(10,951)
Charged to the profit or loss	11,743
<b>At end of year</b>	<b>792</b>

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
At beginning of year	(10,951)	(10,951)	(10,951)	(10,951)
Future gains on investment disposal	10,827	-	10,827	-
Accelerated capital allowances	916	-	916	-
	<b>792</b>	<b>(10,951)</b>	<b>792</b>	<b>(10,951)</b>

**19. Reserves****Profit & loss account**

The profit and loss account represents profits retained in the current and previous periods.



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**20. Share capital**

	2017 £	2016 £
<b>Authorised, allotted, called up and fully paid</b>		
100,000 ordinary shares of £1 each	100,000	100,000

**21. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	29,700	29,700
Later than 1 year and not later than 5 years	64,350	94,145
	<u>94,050</u>	<u>123,845</u>

**22. Related party transactions**

At 31 December 2017, an amount of £3,533 (2016: £16,010) was due from Hopewell Asset Company Limited, a related party due to common directorship. This amount is included within other debtors.

During the year, dividends of £150,000 (2016: £100,000) were paid to Jean-Michel Paul, a director of the company.

**23. Post balance sheet events**

On 24 January 2018, Life Settlement Assets Ltd reregistered as a public limited company and on 31 March 2018, Life Settlement Assets Ltd issued 71,068,874 ordinary shares. Acheron Capital Ltd retained 260,868 shares, an overall holding of 0.37%.

**24. Controlling party**

Mr Jean-Michel Paul is the controlling party of the company, by virtue of holding 100% of the ordinary share capital of the company.