

Westpool Investment Trust plc

Directors' report and financial statements

31 December 2014

Registered in England and Wales number 255691

WEDNESDAY



A4A8EDSX

A23

24/06/2015

#205

COMPANIES HOUSE

Westpool Investment Trust plc

Directors' report and financial statements

Contents	Page
Directors' report	1 - 2
Statement of directors' responsibilities in respect of the Directors Report and the financial statements	3
Independent auditor's report to the members of Westpool Investment Trust plc	4 - 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 – 15

Westpool Investment Trust plc

Directors' report

The directors present their report and the financial statements of the Company for the year ended 31 December 2014.

Principal activities

The Company is an investment holding company. The directors foresee no material change in the nature of the Company's activities.

On 30 November 2011, shareholders of LMS Capital plc, the ultimate parent of the Company, approved a change in the investment policy of LMS Capital plc with the objective of conducting an orderly realisation of the assets of LMS Capital plc in a manner that seeks to achieve a balance between an efficient return of cash to shareholders and maximising the value of LMS Capital plc's investments. Consequently, as the Directors of the Company intend to liquidate the Company following the realisation and settlement of the remaining net liabilities, which may be over a number of years, they have not prepared the financial statements on a going concern basis.

Business review

The Company acts as the registered holder of various investments on behalf of either its parent company, LMS Capital plc, or other companies within the LMS Capital group. The investments can be in funds, quoted or unquoted companies.

The Company does not have any employees, nor does it trade on its own account. Any income received, or expenses incurred, result from the actions taken by LMS Capital plc and which, for financial reporting purposes, are accounted for in the Company's financial records. The Company's profit and loss account is on page 6 and its balance sheet is on page 7. The financial results of the Company are included within its parent company's consolidated report and accounts.

The principal risks and uncertainties facing the Company are integrated with those of its parent company and are not managed separately. The principal risks and uncertainties faced by its parent company are set out in the report and accounts of LMS Capital plc which does not form part of this report.

The directors of the Company believe that an analysis of the Company's operations using key performance indicators is neither necessary nor appropriate as the operations of the Company are managed by its parent company on a consolidated investment management business basis.

Copies of LMS Capital plc's report and accounts can be found in the Investor Relations section on its website, www.lmscapital.com, or a paper copy can be requested from its registered office, 100 George Street, London, W1U 8NU.

Financial review and dividends

The results for the year are set out in the Profit and Loss Account on page 6. No political or charitable donations were made during the year (2013: £nil).

The directors do not recommend the payment of a dividend (2013: £nil).

Westpool Investment Trust plc

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows:

The Hon RA Rayne
ACS Sweet
N Friedlos

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information as defined by the Companies Act 2006, of which the Company's auditor is unaware; each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with s.487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



A C S Sweet
Company Secretary
100 George Street
London
W1U 8NU

3 June 2015

Westpool Investment Trust plc

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Westpool Investment Trust plc

We have audited the financial statements of Westpool Investment Trust plc (the "Company") for the year ended 31 December 2014 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities 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. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Westpool Investment Trust plc *(continued)*

Matters on which we are required to report by exception

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

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



Iain Bannatyne (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

3 June 2015

Westpool Investment Trust plc

Profit and Loss Account

For the year ended 31 December 2014

	<u>Notes</u>	<u>Year ended</u> <u>31-Dec-14</u> £	<u>Year ended</u> <u>31-Dec-13</u> £
Investment income	2	14,815	8,657
Loss on disposal of investments		(204,996)	(160,374)
Fair value adjustments	6	761,791	3,984,673
Profit from investing activities		571,610	3,832,956
Administrative expenses	3	-	-
Interest payable and similar charges	4	(511)	(205)
Profit on ordinary activities before taxation		571,099	3,832,751
Tax credit/(charge) on profit on ordinary activities	5	5,525	(866)
Profit for the financial year		576,624	3,831,885

All results are derived from continuing activities.

The Company has no recognised gains or losses for the current or preceding year other than those in the Profit and Loss Account; accordingly no Statement of Total Recognised Gains and Losses is presented.

The notes on pages 8 to 15 form part of the financial statements.

Westpool Investment Trust plc

Company registered number: 255691


Balance Sheet

As at 31 December 2014

	<u>Notes</u>	<u>31-Dec-14</u> £	<u>31-Dec-13</u> £
Fixed assets			
Investments	6	15,821,539	14,767,735
		<hr/>	<hr/>
Current assets			
Debtors	7	25,334	193,458
Cash at bank and in hand		260	-
		<hr/>	<hr/>
		25,594	193,458
Creditors: amounts falling due within one year	8	(21,141,048)	(20,831,732)
		<hr/>	<hr/>
Net current liabilities		(21,115,454)	(20,638,274)
		<hr/>	<hr/>
Net liabilities		(5,293,915)	(5,870,539)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	10,013,660	10,013,660
Share premium	10	588,615	588,615
Profit and loss account	10	(15,896,190)	(16,472,814)
		<hr/>	<hr/>
Equity shareholders' deficit	11	(5,293,915)	(5,870,539)
		<hr/>	<hr/>

The notes on pages 8 to 15 form part of the financial statements.

These financial statements were approved by the board of directors on 3 June 2015 and were signed on its behalf by:



A C S Sweet

Director

Westpool Investment Trust plc

Notes to the Financial Statements

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial information has been prepared in accordance with applicable accounting standards and under the historic cost convention, modified to include the revaluation of investments that are stated at fair value rather than cost less provision for diminution in value.

The Company is a wholly owned subsidiary undertaking of another UK undertaking and has dispensed with the requirement to prepare group accounts as permitted by s.400 Companies Act 2006.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

On 30 November 2011 the shareholders of LMS Capital plc, the ultimate parent of the Company, approved a change in the investment policy of LMS Capital plc with the objective of conducting an orderly realisation of the assets of the LMS Capital plc in a manner that seeks to achieve a balance between an efficient return of cash to shareholders and maximising the value of the LMS Capital plc's investments. Consequently, as the Directors of the Company intend to liquidate the Company following the realisation and settlement of the remaining net liabilities, which may be over a number of years, these financial statements have not been prepared on a going concern basis.

Investments

Investments are included in the balance sheet at fair value. Fair values have been determined in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines require the valuer to make judgments as to the most appropriate valuation method to be used and the results of the valuations.

Each investment is reviewed individually with regards to the stage, nature and circumstances of the investment and the most appropriate valuation method selected. The valuation results are then reviewed and any amendment to the carrying value of investments is made as considered appropriate.

Westpool Investment Trust plc

Notes to the Financial Statements (continued)

1 Principal accounting policies (continued)

Investments (continued)

Quoted investments

Quoted investments for which an active market exists are valued at the closing bid price at the balance sheet date.

Unquoted investments

Unquoted investments for which there is no ready market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment. Valuation methods that may be used include:

- Investments in which there has been a recent funding round involving significant financing from external investors are valued at the price of the recent funding, discounted if an external investor is motivated by strategic considerations.
- Investments in an established business are valued using revenue or earnings multiples depending on the stage of development of the business and the extent to which it is generating sustainable profits or positive cash flows.
- Investments in a business the value of which is derived mainly from its underlying net assets rather than its earnings are valued on the basis of net asset valuation.
- Investments in an established business which is generating sustainable profits and positive cash flows but for which other valuation methods are not appropriate are valued by calculating the discounted cash flow of future cash flows or earnings.
- Investments in early stage businesses not generating sustainable profits or positive cash flows and for which there has not been any recent independent funding are valued by calculating the discounted cash flow of the investment to the investors.

Funds

Investments in managed funds are valued at fair value. The general partners of the funds will generally provide periodic valuations on a fair value basis which the Company will adopt provided it is satisfied that the valuation methods used by the funds are not materially different from the Company's valuation methods.

Westpool Investment Trust plc

Notes to the Financial Statements (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, and exchange differences are included in the Profit and Loss Account. Investments denominated in foreign currencies are translated at the closing rates ruling at the balance sheet date as part of the fair value adjustment and are taken as a gain/(loss) in the current year profit/(loss).

Taxation

Corporation tax payable both in the UK and overseas is provided on taxable profits at the current rate. Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation that are not expected to be recovered in the short term. In accordance with FRS 19 'Deferred Tax', deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the near future. Deferred tax is measured on a non-discounted basis and is provided for at 21% (2013: 23%). No deferred tax asset has been recognised as at 31 December 2014.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Westpool Investment Trust plc

Notes to the Financial Statements (continued)

1 Principal accounting policies (continued)

Classification of financial instruments issued by the Company (continued)

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds..

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Investment Income

	<u>Year ended</u> <u>31-Dec-14</u>	<u>Year ended</u> <u>31-Dec-13</u>
	£	£
Dividends from quoted investments	11,322	8,657
Elateral loan interest	493	-
Elateral loan fee	3,000	-
	<u>14,815</u>	<u>8,657</u>

3 Administrative expenses

Audit fees have been paid by LMS Capital plc, the ultimate holding company in the amount of £25,000 (2013: £25,000). The Company does not have any employees (2013: nil) and there were no directors' emoluments (2013: £nil).

4 Interest payable and similar charges

	<u>Year ended</u> <u>31-Dec-14</u>	<u>Year ended</u> <u>31-Dec-13</u>
	£	£
Net exchange losses	48	-
Bank charges	463	(205)
	<u>511</u>	<u>(205)</u>

Westpool Investment Trust plc

Notes to the Financial Statements (continued)

5 Tax on profit on ordinary activities

	<u>Year ended</u> <u>31-Dec-14</u> £	<u>Year ended</u> <u>31-Dec-13</u> £
Analysis of credit/(charge) for the year		
Overseas tax	6,695	-
Withholding tax on dividends received	(1,170)	(866)
Total current tax credit/(charge)	<u>5,525</u>	<u>(866)</u>

The Company's tax losses have been surrendered to other group companies.

Factors affecting the tax charge for the year

The current tax credit for the year is lower (2013: charge was lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below.

	<u>Year ended</u> <u>31-Dec-14</u> £	<u>Year ended</u> <u>31-Dec-13</u> £
Current tax reconciliation		
Profit on ordinary activities before taxation	571,099	3,832,751
Current tax at 21.5% (2013: 23.25%)	(122,786)	(891,115)
Effects of:		
Non-taxable investment fair value adjustments	202,025	915,398
Transfer pricing adjustments	228,741	256,610
Deferred tax asset not recognised	-	(34,188)
Non-taxable dividend	2,434	2,013
Profit on disposal	(57,881)	(103,668)
Foreign exchange adjustments	-	188
Overseas losses not available for group relief	(2,788)	(4,071)
Overseas profits not taxed	-	468
Overseas tax credit	5,525	(866)
Utilisation of tax losses brought forward	-	77,817
Interest accrual	(114,019)	(219,452)
Disallowable expenses	(86,639)	-
Group relief	(49,087)	-
Current tax credit/(charge) for the year	<u>5,525</u>	<u>(866)</u>

Westpool Investment Trust plc

Notes to the Financial Statements (continued)

6 Investments

	<u>Fund investments</u> £	<u>Quoted investments</u> £	<u>Unquoted investments</u> £	<u>Total</u> £
At 31 December 2013	12,672,038	1,987,922	107,775	14,767,735
Disposals at book value	(1,062,556)	-	-	(1,062,556)
Additions at cost	243,138	-	1,111,431	1,354,569
Fair value adjustments	(37,475)	910,697	(111,431)	761,791
At 31 December 2014	<u>11,815,145</u>	<u>2,898,619</u>	<u>1,107,775</u>	<u>15,821,539</u>

As is common practice in the venture capital industry, the investments are structured using a variety of instruments including ordinary shares, preference and other shares carrying special rights, options and warrants and debt instruments both with and without conversion rights. The investments are held for resale with a view to the realisation of capital gains. Generally, the investments do not pay significant income.

Historical Cost

	<u>Fund investments</u> £	<u>Quoted investments</u> £	<u>Unquoted investments</u> £	<u>Total</u> £
At 31 December 2013	<u>25,532,826</u>	<u>1,276,858</u>	<u>2,011,551</u>	<u>28,821,235</u>
At 31 December 2014	<u>19,806,264</u>	<u>1,276,858</u>	<u>3,122,982</u>	<u>24,206,104</u>

7 Debtors

	<u>31-Dec-14</u> £	<u>31-Dec-13</u> £
Amounts owed by group undertakings	-	182,337
Other receivables	25,334	11,121
	<u>25,334</u>	<u>193,458</u>

8 Creditors: amounts falling due within one year

	<u>31-Dec-14</u> £	<u>31-Dec-13</u> £
Amounts owed to group undertakings	21,046,935	20,737,619
Corporation tax payable	94,113	94,113
	<u>21,141,048</u>	<u>20,831,732</u>

Westpool Investment Trust plc

Notes to the Financial Statements (continued)

9 Called up share capital

	<u>31-Dec-14</u>	<u>31-Dec-13</u>
	£	£
Authorised		
167,600,000 Ordinary shares of 10p each	<u>16,760,000</u>	<u>16,760,000</u>
Allotted, called up and fully paid		
100,136,604 Ordinary shares of 10p each	<u>10,013,660</u>	<u>10,013,660</u>

10 Reserves

	<u>Share premium account</u>	<u>Profit and loss account</u>
	£	£
At 31 December 2013	588,615	(16,472,814)
Profit for the year	-	576,624
At 31 December 2014	<u>588,615</u>	<u>(15,896,190)</u>

11 Reconciliation of movements in equity shareholders' deficit

	<u>31-Dec-14</u>	<u>31-Dec-13</u>
	£	£
Profit for the financial year	576,624	3,831,885
Opening equity shareholders' deficit	(5,870,539)	(9,702,424)
Closing equity shareholders' deficit	<u>(5,293,915)</u>	<u>(5,870,539)</u>

12 Commitments

Commitments at the end of the financial year, for which no provision has been made, are as follows:-

	<u>31-Dec-14</u>	<u>31-Dec-13</u>
	£	£
Outstanding commitments to funds	<u>146,145</u>	<u>419,450</u>

Westpool Investment Trust plc

Notes to the Financial Statements (continued)

13 Related party transactions

The Company is controlled by LMS Tiger Investments (II) Limited, the Company's immediate parent company. The ultimate controlling party at the balance sheet date is LMS Capital plc, the Company's ultimate parent company. As a wholly owned subsidiary of LMS Capital plc, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related party disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group.

14 Ultimate parent company

At the balance sheet date the Company is a wholly-owned subsidiary undertaking of LMS Capital plc which is the ultimate parent company incorporated in England and Wales.

No other group financial statements include the results of the Company. The consolidated financial statements of LMS Capital plc may be obtained at the following address: 100 George Street, London, W1U 8NU.

15 Financial support by ultimate parent

LMS Capital plc has provided the Company with an understanding that it will continue to make available such funds as are needed by the Company to enable it to meet its liabilities as they fall due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.