

**Lion Cub Property Investments Limited**

**Directors' report and financial statements**

**31 December 2015**

**Registered in England and Wales number 6660489**

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# **Lion Cub Property Investments Limited**

## **Directors' report and financial statements**

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# **Lion Cub Property Investments Limited**

## **Directors' report**

The directors present their report and the financial statements of the Company for the year ended 31 December 2015.

### **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 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](http://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 (2014: £nil).

The directors do not recommend the payment of a dividend (2014: £nil).

### **Directors**

The directors who held office during the year and as at the date of approving the Directors' report and financial statements were as follows:

The Hon RA Rayne  
ACS Sweet

# **Lion Cub Property Investments Limited**

## **Directors' report (continued)**

### **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, KPMG LLP are deemed as being re-appointed as auditor of the Company.

By order of the board



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

22 June 2016

## **Lion Cub Property Investments Limited**

### **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), including FRS 101 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 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 Lion Cub Property Investments Limited**

We have audited the financial statements of Lion Cub Property Investments Limited (the "Company") for the year ended 31 December 2015 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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](http://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 2015 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 Lion Cub Property Investments Limited *(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

22 June 2016

# Lion Cub Property Investments Limited

## Profit and Loss Account and Retained Earnings

For the year ended 31 December 2015

	<u>Notes</u>	<u>Year ended</u> <u>31-Dec-15</u> £	<u>Year ended</u> <u>31-Dec-14</u> £
Administrative expenses	2	-	-
Profit on disposal of investments		<b>1,527,112</b>	-
Fair value movement in the year	4	-	2,777,422
<b>Profit on ordinary activities before taxation</b>		<b>1,527,112</b>	<b>2,777,422</b>
Tax on profit on ordinary activities	3	-	-
<b>Profit for the financial year</b>		<b>1,527,112</b>	<b>2,777,422</b>
Retained earnings brought forward		<b>2,339,247</b>	(438,175)
<b>Retained earnings carried forward</b>		<b>3,866,359</b>	<b>2,339,247</b>

All results are derived from continuing activities.

The notes on pages 8 to 12 form part of the financial statements.

# Lion Cub Property Investments Limited

Company registration number: 6660489

## Balance Sheet As at 31 December 2015

	<u>Notes</u>	<u>31-Dec-15</u> £	<u>31-Dec-14</u> £
<b>Fixed assets</b>			
Investments	4	-	4,993,522
<b>Current assets</b>			
Debtors	5	3,866,360	1
<b>Creditors: amounts falling due within one year</b>	6	-	(2,654,275)
<b>Net current assets/(liabilities)</b>		<b>3,866,360</b>	<b>(2,654,274)</b>
<b>Net assets</b>		<b>3,866,360</b>	<b>2,339,248</b>
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Profit and loss account		3,866,359	2,339,247
<b>Equity shareholders' funds</b>		<b>3,866,360</b>	<b>2,339,248</b>

The notes on pages 8 to 12 form part of the financial statements.

These financial statements were approved by the board of directors on 22 June 2016 and were signed on its behalf by:



**A C S Sweet**

Director

# **Lion Cub Property Investments Limited**

## **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, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), 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.

In the transition to FRS 101 from previous UK Generally Accepted Accounting Practice, the Company has made no measurement and recognition adjustments. The Company, on a standalone basis, is considered to be a qualifying entity (for the purposes of this FRS).

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures: i) a cash flow statement and related notes; ii) comparative period reconciliations for share capital; iii) disclosures in respect of transactions with wholly owned subsidiaries; and iv) the effects of new but not yet effective IFRSs.

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.

#### **Fixed asset investments**

The Company has an interest in a property opportunity fund. The fund is shown at fair value as assessed by the directors. Fair values have been determined in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines require the valuer to make judgements as to the most appropriate valuation method to be used and the results of the valuations.

# **Lion Cub Property Investments Limited**

## **Notes to the Financial Statements (continued)**

### **1 Principal accounting policies (continued)**

#### **Fixed asset investments (continued)**

##### *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.

#### **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 period 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. 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 20% (31 December 2014: 21%). No deferred tax is recognised in the year to 31 December 2015, as its recoverability in the near future is not certain.

#### **Classification of financial instruments issued by the Company**

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.

# Lion Cub Property Investments Limited

## Notes to the Financial Statements (continued)

### 1 Principal accounting policies (continued)

#### Classification of financial instruments issued by the Company (continued)

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.

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 the date to the extent that they are appropriately authorized 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 Administrative expenses

Audit fees have been paid by LMS Capital plc, the ultimate holding company, in the amount of £3,000 (2014: £3,000). The Company does not have any employees (2014: nil) and there were no directors' emoluments (2014: £nil).

### 3 Tax on profit on ordinary activities

	<u>Year ended</u> <u>31-Dec-15</u> £	<u>Year ended</u> <u>31-Dec-14</u> £
<b>Analysis of charge for the year</b>		
Current tax	-	-

# Lion Cub Property Investments Limited

## Notes to the Financial Statements (continued)

### 3 Tax on profit on ordinary activities (continued)

#### Factors affecting the tax charge for the year

The tax charge for the current year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below.

	<u>Year ended</u> <u>31-Dec-15</u> £	<u>Year ended</u> <u>31-Dec-14</u> £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before taxation	1,527,112	2,777,422
Current tax at 20.25% (2014: 21.5%)	(309,240)	(597,146)
<b>Effects of:</b>		
Non-taxable investment fair value adjustments	-	597,146
Profit on disposal	309,240	-
Transfer pricing adjustments	(22,057)	-
Utilisation of tax losses brought forward	1,902	-
Group relief	20,155	-
Tax charge for the financial year	-	-

### 4 Investments

	<u>Fund</u> <u>investments</u> <u>31-Dec-15</u> £	<u>Fund</u> <u>investments</u> <u>31-Dec-14</u> £
Book value brought forward	4,993,522	2,216,100
Disposals at book value	(4,993,522)	-
Fair value movement in the year	-	2,777,422
<b>Book value carried forward</b>	-	4,993,522

	<u>Fund</u> <u>investments</u> £
<b>Historical cost</b>	
At 31 December 2014	2,751,702
<b>At 31 December 2015</b>	-

### 5 Debtors

	<u>31-Dec-15</u> £	<u>31-Dec-14</u> £
Amounts owed by group undertakings	3,866,360	1

# Lion Cub Property Investments Limited

## Notes to the Financial Statements (continued)

### 6 Creditors

	<u>31-Dec-15</u>	<u>31-Dec-14</u>
	£	£
Amounts owed to group undertakings	-	2,654,275

### 7 Called up share capital

	<u>31-Dec-15</u>	<u>31-Dec-14</u>
	£	£
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

### 8 Related party transactions

The Company is controlled by LMS Capital Holdings 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 101.8(k) 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group.

### 9 Ultimate parent company

At the balance sheet date the Company is a 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.

### 10 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.