

Lux Finance Limited

**Directors' report and financial
statements**

for the year ended 31 December 2013

Registered number: 07379942



Company Information

Directors	M Muzzi V Pandolfi (appointed 16 December 2013)
Registered number	07379942
Registered office	111 Buckingham Palace Road London SW1W 0SR
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Contents

	Page
Directors' report	1
Strategic report	2
Independent auditor's report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 13
The following pages do not form part of the statutory financial statements:	
Pillar 3 disclosures	14 - 15

Directors' report

for the year ended 31 December 2013

The directors present their annual report and the financial statements of Lux Finance Limited ('the company') for the year ended 31 December 2013.

Results and dividends

The loss for the year, after taxation, amounted to £42,789 (2012 - loss £310,749).

Directors

The directors who served during the year were:

M Muzzi

V Pandolfi (appointed 16 December 2013)

Directors' responsibilities statement

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

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

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


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

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

This report was approved by the board on 25 April 2014 and signed on its behalf.



M Muzzi
Director

Strategic report

for the year ended 31 December 2013

The directors present the Strategic report of the company for the year ended 31 December 2013.

Principal activity

The company's principal activity during the year was the provision of investment management services to European clients.

Business review

The directors are satisfied with the results for the year and expect growth in the future.

Principal risks and uncertainties

Foreign currency risk

The company's foreign currency exposures arise from its principal customers. The company does not consider it necessary to implement hedging strategies.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for the understanding of the development, performance or position of the position.

Compliance with The Capital Requirements (Country-by-Country Reporting) Regulations 2013

As the company is an investment firm under the Capital Requirements Directive IV with effect from 1 January 2014, it needs to comply with the following disclosure requirements stipulated by the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

- a. the name, nature of activities and geographical location of the LLP and any subsidiaries and branches;
- b. turnover; and
- c. the average number of employees on a full time equivalent basis.

The above information has been included in notes 1.2, 2 and 5 of these financial statements

This report was approved by the board on 25 April 2014 and signed on its behalf.


M Muzzi
Director

Independent auditor's report to the shareholders of Lux Finance Limited for the year ended 31 December 2013

We have audited the financial statements of Lux Finance Limited for the year ended 31 December 2013, set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

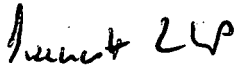
In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the shareholders of Lux Finance Limited for the year ended 31 December 2013

Matters on which we are required to report by exception

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

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



Peter Chapman (Senior statutory auditor)
for and on behalf of

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

25 April 2014

Profit and loss account

for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	1,2	386,269	70,418
Cost of sales		(25,606)	-
Gross profit		360,663	70,418
Administrative expenses		(403,452)	(381,167)
Operating loss	3	(42,789)	(310,749)
Loss on ordinary activities before taxation		(42,789)	(310,749)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	11	(42,789)	(310,749)

All amounts relate to continuing operations.

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

The notes on pages 8 to 13 form part of these financial statements.

Balance sheet

as at 31 December 2013

	Note	£	2013 £	£	2012 - £
Fixed assets					
Tangible assets	7		2,476		12,723
Current assets					
Debtors	8	288,239		118,793	
Cash at bank and in hand		14,637		16,670	
		<u>302,876</u>		<u>135,463</u>	
Creditors: amounts falling due within one year	9	<u>(123,023)</u>		<u>(94,418)</u>	
Net current assets			<u>179,853</u>		<u>41,045</u>
Net assets			<u>182,329</u>		<u>53,768</u>
Capital and reserves					
Called up share capital	10		771,350		600,000
Profit and loss account	11		<u>(589,021)</u>		<u>(546,232)</u>
Shareholders' funds	12		<u>182,329</u>		<u>53,768</u>

The financial statements were approved and authorised for issue by the board and were signed on 25 April 2014.


M. Muzzi
Director

The notes on pages 8 to 13 form part of these financial statements.

Cash flow statement

for the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	13	(172,230)	(468,698)
Capital expenditure and financial investment	14	(1,153)	(917)
Cash outflow before financing		(173,383)	(469,615)
Financing	14	171,350	180,000
Decrease in cash in the year		(2,033)	(289,615)

Reconciliation of net cash flow to movement in net funds

for the year ended 31 December 2013

	2013 £	2012 £
Decrease in cash in the year	(2,033)	(289,615)
Movement in net funds in the year	(2,033)	(289,615)
Net funds at 1 January 2013	16,670	306,285
Net funds at 31 December 2013	14,637	16,670

The notes on pages 8 to 13 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover represents income derived from the company's principal activity of providing investment management and advisory services. Fees are presented net of Value Added Tax.

1.3 Tangible fixed assets and depreciation

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

Furniture and fixtures	-	25% per annum
Computer equipment	-	33% per annum

1.4 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computation in years different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.5 Foreign currencies

Transactions in foreign currencies are recorded at the average rate of exchange for the month in which the transaction occurs, where there is an immaterial variance to the spot rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated using rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

1.6 Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any rent free period will be amortised over the non-cancellable term of the operating lease.

2. Turnover

The whole of the turnover is derived from the company's principal activity, arising within the United Kingdom.

Notes to the financial statements

for the year ended 31 December 2013

3. Operating loss

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

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	10,694	11,426
Operating lease rentals:		
- other operating leases	61,308	52,800
Difference on foreign exchange	4,170	1,565
	<u>76,172</u>	<u>65,791</u>

During the year, no director received any emoluments (2012 - £NIL).

4. Auditor's remuneration

	2013 £	2012 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	8,500	7,200
Fees payable to the company's auditor and its associates in respect of:		
Audit-related assurance services	1,000	1,000
Taxation compliance services	1,500	1,500
All other non-audit services not included above	37,110	19,278
	<u>48,110</u>	<u>28,978</u>

5. Staff costs and average number of employees

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	171,269	156,130
Social security costs	19,392	19,288
	<u>190,661</u>	<u>175,418</u>

The average monthly number of employees of the company during the year was as follows:

	2013 Number	2012 Number
Professional staff	2	2
Administrative staff	2	2
	<u>4</u>	<u>4</u>

6. Tax on loss on ordinary activities

	2013 £	2012 £
UK corporation tax charge on loss for the year	-	-
	<u>-</u>	<u>-</u>

Notes to the financial statements

for the year ended 31 December 2013

6. Tax on loss on ordinary activities (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(42,789)	(310,749)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(9,948)	(76,125)
Effects of:		
Expenses not deductible for tax purposes	15	354
Capital allowances for year in excess of depreciation	1,177	1,370
Unrelieved tax losses carried forward	8,756	74,401
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

Deferred tax of £120,147 has not been provided for due to uncertainty over future profits.

7. Tangible fixed assets

	Furniture and fixtures £	Computer equipment £	Total £
Cost			
At 1 January 2013	446	34,095	34,541
Additions	-	1,153	1,153
Disposals	-	(2,118)	(2,118)
At 31 December 2013	446	33,130	33,576
Depreciation			
At 1 January 2013	190	21,628	21,818
Charge for the year	111	10,583	10,694
On disposals	-	(1,412)	(1,412)
At 31 December 2013	301	30,799	31,100
Net book value			
At 31 December 2013	145	2,331	2,476
At 31 December 2012	256	12,467	12,723

Notes to the financial statements
for the year ended 31 December 2013

8. Debtors

	2013 £	2012 £
Trade debtors	-	56,470
Amounts due from related party	81,125	5,229
Other debtors	18,761	24,724
Prepayments and accrued income	188,353	32,370
	<u>288,239</u>	<u>118,793</u>

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

	2013 £	2012 £
Trade creditors	73,138	9,315
Other taxation and social security	5,657	4,466
Director's loan account	-	3,061
Other creditors	17,282	12,268
Accruals and deferred income	26,946	65,308
	<u>123,023</u>	<u>94,418</u>

10. Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
771,350 (2012 - 600,000) ordinary shares of £1 each	<u>771,350</u>	<u>600,000</u>

During the year, 171,350 ordinary shares of £1 each were issued at par.

11. Reserves

	Profit and loss account £
At 1 January 2013	(546,232)
Loss for the financial year	<u>(42,789)</u>
At 31 December 2013	<u>(589,021)</u>

Notes to the financial statements
for the year ended 31 December 2013

12. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	53,768	184,517
Loss for the financial year	(42,789)	(310,749)
Shares issued during the year	171,350	180,000
Closing shareholders' funds	<u>182,329</u>	<u>53,768</u>

13. Net cash flow from operating activities

	2013 £	2012 £
Operating loss	(42,789)	(310,749)
Depreciation of tangible fixed assets	10,694	11,426
Loss on disposal of tangible fixed assets	706	-
Increase in debtors	(169,447)	(28,542)
Increase/(decrease) in creditors	28,606	(140,833)
Net cash outflow from operating activities	<u>(172,230)</u>	<u>(468,698)</u>

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

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(1,153)</u>	<u>(917)</u>
Financing		
Issue of ordinary shares	<u>171,350</u>	<u>180,000</u>

Notes to the financial statements
for the year ended 31 December 2013

15. Analysis of changes in net funds

	1 January 2013 £	Cash flow £	31 December 2013 £
Cash at bank and in hand	16,670	(2,033)	14,637
Net funds	16,670	(2,033)	14,637

16. Contingent liabilities

There were no contingent liabilities at 31 December 2013 or 31 December 2012.

17. Capital commitments

The company had no capital commitments at 31 December 2013 or 31 December 2012.

18. Operating lease commitments

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

	Land and buildings	
	2013 £	2012 £
Expiry date:		
Within 1 year	34,580	-
Between 2 and 5 years	-	58,740

19. Related party transactions

During the year, the company bore expenses on behalf of the director of £79,962 (2012 - £NIL). At 31 December 2013, the amount due from the director was £76,901 (2012 - £3,061 due to the director).

20. Controlling party

At 31 December 2013, the ultimate controlling party was M Muzzi by virtue of his 100% shareholding of the company in the year under review.

Pillar 3 disclosures

for the year ended 31 December 2013

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk;
- Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FCA; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet the Pillar 3 obligations of Lux Finance Limited ('the Firm').

The Firm is permitted to omit required disclosures if it believes that the information is immaterial such that omission would be likely to change or influence the decision of a reader relying on that information.

In addition, the Firm may omit required disclosures where it believes that the information is regarded as proprietary or confidential. In the view of the Firm, proprietary information is that which, if it were shared, would undermine their competitive position. Information is considered to be confidential where there are obligations binding the Firm to confidentiality with their customers, suppliers and counterparties.

The Firm has made no omissions on the grounds that it is immaterial, proprietary or confidential.

With effect from 1 January 2014, the Firm is regulated by Capital Requirements Directive IV ('CRD IV'). The changes stipulated by CRD IV have not been reflected in these Pillar 3 disclosures as these have been prepared for the year ended 31 December 2013.

Scope and application of the requirements

Lux Finance Limited ('the Firm') is authorised and regulated by the Financial Conduct Authority and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a limited licence firm by the FCA for capital purposes. It is an investment management firm and as such has no trading book exposures. The Firm's primary business activity is to provide investment management services to European clients.

The Firm is not a member of a group and so is not required to prepare consolidated reporting for prudential purposes.

Risk management

The Firm is governed by its directors ("Principals") who determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Firm's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces.

The Principals also determine how the risk that the business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The Principals meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The Principals manage the Firm's risks business through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

Pillar 3 disclosures

for the year ended 31 December 2013

The Principals have identified that business, operational, market and credit risks are the main areas of risk to which the Firm is exposed. Annually the Principals formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the Principals identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate.

Regulatory capital

The Firm is a Private Company Limited by Shares. Its capital is summarised as follows:

Capital item	£'000
Permanent share capital	771
Profit and loss account and other reserves	(546)
Net losses for the year ended 31 December 2013	(43)
Total	182

The main features of the Firm's capital resources for regulatory purposes are as follows:

Capital item	£'000
Tier 1 capital less innovative tier 1 capital	182
Total tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	-
Total capital resources, net of deductions	182

The Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its foreign currency bank balances and funds with clearing broker and credit risk from commission receivable and bank balances held. The Firm follows the standardised approach to market risk and the simplified standard approach to credit risk. The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

As discussed above the firm is a limited licence firm and as such its capital requirements are the greater of:

- Its base capital requirement of €50,000; or
- The sum of its market and credit risk requirements; or
- Its Fixed Overhead Requirement.

The identified credit risk exposure classes or the minimum capital requirements for market risk are considered immaterial.

It is the Firm's experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered not to be material.