

**L.G.S. Investments PLC**

**Directors' report and financial  
statements**

**Registered number 2879716**

**30 June 2013**

MONDAY



\*A2NUPF19\*

A08

23/12/2013

#265

COMPANIES HOUSE

## Contents

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 L G S Investments PLC	4-5
Profit and loss account	6
Reconciliation of movements in shareholders' funds	6
Balance sheet	7
Notes	8-13

## Directors' report

The directors present their report and audited financial statements for the year ended 30 June 2013

### Principal activities

The company is an investment company whose only activity is to hold local authority loan instruments and to service bonds issued to finance them. There are £63,000,000 of 7.5% secured bonds issued which are listed on the London Stock Exchange. The local authority loan instruments have been pledged to Bankers Trustee Company Limited as security for the bonds.

### Financial risks

The company's financial receivables are loans from local authorities, its financial payables are issued bonds and the financial liabilities are matched by the same amount of financial assets. The interest rates are also fixed eliminating interest rate risks.

Professional services fees have been set at a fixed amount within the corporate services agreement which enables the results of the Company to be stabilised over the life of the bonds.

### Going Concern

The financial statements have been prepared on a going concern basis which assumes the Company will continue in operational existence for the foreseeable future.

The directors have reviewed the future forecasts and have confirmed that adequate financing is available to enable the company to meet its liabilities as they fall due.

### Results and dividends

The company made a loss before taxation of £5,393 (2012 £8,131) for the year ended 30 June 2013. The directors do not recommend the payment of a dividend (2012 £nil).

### Directors

The following directors held office during the year

Wilmington Trust SP Services (London) Limited  
Mr M H Filer  
Mr D R Fisher

### Policy and practice on payment of creditors

It is the Company's policy that payments made to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers.

The Company owed no amounts to trade creditors at 30 June 2013 (2012 £nil).

### 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 of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

**Auditor**

Our auditors, KPMG Audit Plc has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditors and resolution concerning their appointment will be put to the forthcoming AGM of the company.

By order of the board



**Miss M Clarke**  
On behalf of  
**Wilmington Trust SP Services (London) Limited**  
*Director*

Third Floor,  
1 King's Arms Yard,  
London,  
EC2R 7AF,  
19 December 2013

## **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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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

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 its 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

## **KPMG Audit Plc**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditor's report to the members of LGS Investments Plc**

We have audited the financial statements of L G S Investments Plc for the year ended 30 June 2013 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapters 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 auditors**

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. 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 30 June 2013 and of its loss 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 matters 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 LGS Investments 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

Andrew Turner (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor

23 December 2013

*Chartered Accountants*

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

**Profit and loss account**  
*for the year ended 30 June 2013*

	Note	2013 £	2012 £
Income from fixed asset investments	5	5,581,410	5,577,568
Interest payable and similar charged on bonds in issue	6	(5,559,346)	(5,555,519)
		<hr/>	<hr/>
Administrative expenses		22,064 (27,524)	22,049 (30,263)
		<hr/>	<hr/>
<b>Operating loss</b>		(5,460)	(8,214)
Other interest receivable and similar income	7	67	83
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	2	(5,393)	(8,131)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
<b>Loss for the year</b>		<u>(5,393)</u>	<u>(8,131)</u>

There were no gains or losses during the current or preceding year other than those passing through the profit and loss account. Accordingly a statement of total recognised gains and losses has not been prepared.

All of the results for the year arise from continuing operations for both the current and preceding year.

A note on historical cost gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared to an unmodified cost basis.

**Reconciliation of movements in shareholders' funds**  
*for the year ended 30 June 2013*


	2013 £	2012 £
<b>Loss for the financial year</b>	(5,393)	(8,131)
Opening shareholders' funds	111,467	119,598
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<u>106,074</u>	<u>111,467</u>



**Balance sheet**  
 at 30 June 2013

	<i>Note</i>	2013		2012	
		£	£	£	£
<b>Fixed assets</b>					
Investments	9		62,540,697		62,493,837
<b>Current assets</b>					
Debtors	10	619,655		619,318	
Cash at bank and in hand		103,582		107,382	
		<u>723,237</u>		<u>726,700</u>	
<b>Creditors</b> amounts falling due within one year	11	<u>(616,386)</u>		<u>(614,442)</u>	
<b>Net current assets</b>			<u>106,851</u>		<u>112,258</u>
<b>Total assets less current liabilities</b>			<u>62,647,548</u>		<u>62,606,095</u>
<b>Creditors</b> amounts falling due after more than one year	12		<u>(62,541,474)</u>		<u>(62,494,628)</u>
<b>Net assets</b>			<u>106,074</u>		<u>111,467</u>
<b>Capital and reserves</b>					
Called up share capital	13		12,500		12,500
Profit and loss account	14		93,574		98,967
<b>Shareholders' funds</b>			<u>106,074</u>		<u>111,467</u>

These financial statements of L G S Investments PLC, company registration number 02879716, were approved by the board of directors on 19 December 2013 and were signed on its behalf by



Miss M Clarke  
 On behalf of  
**Wilmington Trust SP Services (London) Limited**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Significant 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 statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard No 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

#### *Investments*

Investments consist of unlisted debt securities in the form of local authority loan instruments, all with an interest of 8.75%, redeemable on 22 May 2020 and are recorded at cost, plus or minus an accrued premium or discount on acquisition which is amortised to generate a constant yield to maturity

The directors annually review the key assumptions regarding the value of the unlisted debt securities and evaluate the recoverability of the investment

#### *Debt securities issued*

Listed debt securities consist of 8.75% secured bonds redeemable on 22 May 2020 and are recorded at cost, plus or minus accrued premium or discount on issue which is amortised to generate a constant yield to maturity

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not yet reversed by the balance sheet date, except as otherwise required by FRS 19

#### *Cash and cash equivalents*

Cash and cash equivalents comprise deposits in the Company's bank accounts

#### *Other payables*

Other payables are stated at cost

#### *Going concern*

The financial statements have been prepared on a going concern basis which assumes the Company will continue in operational existence for the foreseeable future

The directors have reviewed the future forecasts and have confirmed that adequate financing is available to enable the Company to meet its liabilities as they fall due

**Notes (continued)**

**2 Loss on ordinary activities before taxation**

	2013	2012
	£	£
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit of these financial statements	7,310	5,160
Amounts receivable by the auditors and their associates in respect of		
Other services relating to taxation	3,825	8,220
	5,485	13,380

**3 Remuneration of directors**

Wilmington Trust SP Services (London) Limited, a director of the Company, received £10 837 (2012 £10,843) in the year for professional services provided on normal commercial terms. None of the other directors received remuneration for their services to the Company.

**4 Staff numbers and costs**

The Company had no employees during the year (2012 nil)

**5 Income from fixed asset investments**

	2013	2012
	£	£
Unlisted	5,534,550	5,534,550
Amortised discount	46,860	43,018
	5,581,410	5,577,568

**6 Interest payable and similar charges on bonds in issue**

	2013	2012
	£	£
Interest paid on bonds in issue	5,512,500	5,512,500
Amortised discount	46,846	43,019
	5,559,346	5,555,519

**Notes** *(continued)*

**7 Other interest receivable and similar income**

	2013	2012
	£	£
Bank interest received	67	83
	<u>67</u>	<u>83</u>

**8 Taxation**

	2013	2012
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Underprovision of prior year's charge	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

The tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK, 25.5% (2012 25.5%). The differences are explained below

	2013	2012
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(5,393)	(8,131)
	<u>(5,393)</u>	<u>(8,131)</u>
Current tax charge at 25.5% (2012 25.5%)	(1,375)	(2,073)
Underprovision of prior year's charge	-	-
Trading losses carried forward	-	-
Utilisation of tax losses	1,375	2,073
	<u>1,375</u>	<u>2,073</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

Trading losses carried forward of £18,052 (2012 £12,659) give rise to a deferred tax asset of £4,603 (2012 £3,038). This asset has not been recognised as it is uncertain that the Company will generate sufficient future trading profits against which to offset the losses carried forward.

**Notes** (continued)

**9 Fixed asset investments**

	<b>£</b>
<i>Cost</i>	
At beginning and end of the year	62,092,800
	<u>62,092,800</u>
<i>Amortised discount</i>	
At the beginning of the year	401,037
Amortised discount for the year	46,860
	<u>447,897</u>
<b>At end of the year</b>	<b>447,897</b>
	<u>447,897</u>
<i>Net book value</i>	
At 30 June 2013	62,540,697
	<u>62,540,697</u>
At 30 June 2012	62,493,837
	<u>62,493,837</u>

The fixed asset investment comprises unlisted debt securities in the form of local authority loan instruments, all with an interest rate of 8.785%, redeemable on 22 May 2020. All of these instruments have been pledged to Bankers Trustee Company Limited as security for bonds issued by the Company.

**10 Debtors**

	2013	2012
	£	£
Amounts owed by group undertakings	12,500	12,500
Prepayments and accrued income	607,155	606,818
	<u>619,655</u>	<u>619,318</u>
	<u>619,655</u>	<u>619,318</u>

**11 Creditors amounts falling due within one year**

	2013	2012
	£	£
Accruals and deferred income	616,386	614,442
	<u>616,386</u>	<u>614,442</u>
	<u>616,386</u>	<u>614,442</u>

**Notes** *(continued)*

**12 Creditors: amounts falling due after more than one year**

	2013	2012
	£	£
Bond in issue at cost at start of year	62,092,800	62,092,800
Amortised discount	448,674	401,828
	62,541,474	62,494,628
	62,541,474	62,494,628
<b>Repayment analysis</b>	<b>2013</b>	<b>2012</b>
	£	£
Amounts repayable other than by instalments, after more than five years	62,541,474	62,494,628
	62,541,474	62,494,628
	62,541,474	62,494,628

The bonds, which are redeemable by 22 May 2020, have a nominal value of £63,000,000 and bear interest at 8.75% per annum

The unlisted debt securities in the form of local authority loan instruments held by the Company have been pledged to Bankers Trustee Company Limited as security for the above issued bonds

**13 Called up share capital**

	2013	2012
	£	£
<i>Authorised</i>		
50,000 Ordinary shares of 25p each	12,500	12,500
	12,500	12,500
<i>Allotted, called up and paid at 25p per share</i>		
50,000 Ordinary shares of 25p each	12,500	12,500
	12,500	12,500
	12,500	12,500

**Notes** *(continued)*

**14 Statement of movements on profit and loss account**

	<b>Profit and Loss account £</b>
Balance at 1 July 2012	98,967
Loss for the financial year	(5,393)
	93,574
<b>Balance at 30 June 2013</b>	<b>93,574</b>

**15 Related party transactions**

The Company is an investment company controlled ultimately by Wilmington Trust SP Services (London) Limited, a member of its Board of Directors. No director received any remuneration other than Wilmington Trust SP Services (London) Limited which receives a fee for the provision of corporate services under the terms of a corporate services agreement. Under the terms of the agreement, Wilmington Trust SP Services (London) Limited is entitled to receive annual fees of £9,000 (2012 £9,000).

Included within the profit and loss account are corporate services fees plus expenses charged by Wilmington Trust SP Services (London) Limited totalling £10,837 (2012 £10,843).

At 30 June 2013, £1,157 (2012 £1,157) relating to corporate services fees was outstanding and is included as accruals within Creditors' amounts falling due within one year.

**16 Ultimate parent undertaking**

L G S Investments PLC is a wholly owned subsidiary undertaking, whose ultimate parent undertaking is L G S Investment (Holdings) Limited. L G S Investments (Holdings) Limited is the head of the largest and smallest group of companies into which the Company's financial results are consolidated.

L G S Investments (Holdings) Limited is registered in England and Wales and prepares group accounts which can be obtained from Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

The entire share capital of L G S Investments (Holdings) Limited is held by Wilmington Trust SP Services (London) Limited under the terms of a trust declared ultimately for charitable purposes.

The ultimate controlling party is Wilmington Trust SP Services (London) Limited, as trustee.