

Company Registration No. 08140312 (England and Wales)

LONDON CAPITAL & FINANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

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LONDON CAPITAL & FINANCE PLC

COMPANY INFORMATION

Directors

Mr MA Thomson
Ms KR Simpson (Appointed 1 October 2015)
Mr FJ Huisamen (Appointed 1 July 2016)

Company number

08140312

Registered office

The Old Coach House
Eridge Park
Eridge Green
Tunbridge Wells
TN3 9JS

Independent Auditors'

PricewaterhouseCoopers
7 More London Riverside
London
SE1 2RT

LONDON CAPITAL & FINANCE PLC

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LONDON CAPITAL & FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2016

The directors present the strategic report and financial statements for the year ended 30 April 2016.

Review of the business

The company's principal activities during the period continue to be raising funding through the issuance of private bonds and then lending the proceeds of the bonds to medium sized businesses on a fully secured basis. During the year there were bond additions of £9,269,143 and bond redemptions of £664,463.

The company holds fixed and floating charges over the assets of its customers to secure the loans. At the year end the loan to notional value ratio is 15% as below.

Value of secured assets	60,752,482
Carrying value of loans at 30 April 2016	7,434,014
Notional value of loans at 30 April 2016	9,396,814
Loan to carrying value	12%
Loan to notional value	15%

The carrying value of the loans is the value of the loans outstanding as at the year end net of deferred revenue. The notional value is simply the value of the loans outstanding as at the year end.

The principal risks and uncertainties facing the company are broadly grouped as - competitive, compliance and financial instrument risk.

Compliance Risks

In the UK , all financial institutions must be registered and regulated with the FCA or the PRA. These bodies require members to comply with various standards. In addition compliance imposes costs and failure to comply with the standards could materially affect the company's ability to operate.

The company is registered with the FCA (Registration Number: 722603) and uses 3rd party companies to undertake FCA regulated activities. In the future the company has plans to become a FCA Regulated Entity.

Financial Instrument Risks

Exposure to credit, interest rate and liquidity risk-

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that loan or bond arrangements are only made with customers and bond holders who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and matching bond issuances with loan generation.

The Company aims to mitigate its interest rate risk through matching of interest rates at macro level on assets and liabilities whilst retaining a profit margin.

LONDON CAPITAL & FINANCE PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016


Business Performance

Profit for the year of £166,916 (1 month period ended April 2015 as restated: £2,040) includes gross profit of £329,482 (1 month period ended April 2015 as restated: £7,356) and administrative expenses of £180,932 (1 month period ended April 2015 as restated: £5,120).

Revenue of £948,201 (1 month period ended April 2015 as restated: £15,330) relates to income in respect of 'loans receivable' of £792,664 (1 month period ended April 2015 as restated £15,330), consultancy fees of £155,537 (1 month period ended April 2015: £Nil).

The company had shareholders funds at the year end of £25,592 an increase on the restated 2015 negative balance of £190,324.

On behalf of the board



.....
Mr MA Thomson
Director
.....

LONDON CAPITAL & FINANCE PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2016

The directors present their audited annual report and financial statements for the year ended 30 April 2016.

The company changed its name from Sales Aid Finance (England) Limited to London Capital & Finance Limited on 1 July 2015 and subsequently registered as a public company on 11 November 2015.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr MA Thomson	
Mr MD W Baldwin	(Appointed 1 October 2015 and resigned 9 June 2016)
Ms KR Simpson	(Appointed 1 October 2015)
Mr MJ Binks	(Appointed 30 October 2015 and resigned 24 August 2016)
Mr P Sayers	(Resigned 10 August 2015)
Mr FJ Huisamen	(Appointed 1 July 2016)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

The company had no trade creditors at the year end.

Financial instruments

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

The company aims to match the interest rate on its fixed rate borrowings and loans, however the company is exposed to floating interest rate risk on bank deposits and overdrafts.

The company has minimal foreign currency exposures as it does not trade with overseas companies. However all loans are secured by fixed and floating charges over the customers assets and in some cases these asset are denominated in currency other than GBP. The company monitors these assets on a regular basis to mitigate any potential exposures.

Investments of cash surpluses, borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Loans are monitored on an ongoing basis and no provisions have been required in the current year (2015 £nil).

LONDON CAPITAL & FINANCE PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

Future developments

The company intends to continue developing their bond and loan books accordingly. The company will raise funds through more bond issues and intends to loan this money to existing and new customers.

Changes in presentation of the financial statements

The financial statements have been presented in accordance with IAS 1 - Presentation of Financial Statements in accordance with the International Financial Reporting Standards. This is a change from the prior year whereby the financial statements were presented in accordance with FRS 102.

Independent Auditors'

PricewaterhouseCoopers LLP were appointed auditor to the company and in accordance with section 489 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 judgements and accounting estimates that are reasonable and prudent;

state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LONDON CAPITAL & FINANCE PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



.....
Mr MA Thomson
Director
.....

LONDON CAPITAL & FINANCE PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON CAPITAL & FINANCE PLC

Our opinion

In our opinion, London Capital & Finance plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 30 April 2016;
- the Income Statement for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

LONDON CAPITAL & FINANCE PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONDON CAPITAL & FINANCE PLC

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jessica Miller
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
London
Chartered Accountants
Statutory Auditor

10/10/16

LONDON CAPITAL & FINANCE PLC

INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2016

	Note	Year ended 30 April 2016 £	Period ended 30 April 2015 as restated £
Revenue	3	948,201	15,330
Finance cost		(618,719)	(7,974)
Gross profit		<u>329,482</u>	<u>7,356</u>
Administrative expenses		(180,932)	(5,120)
Operating profit	4	<u>148,550</u>	<u>2,236</u>
Income tax income/(expense)	6	18,366	(196)
Profit for the year/period	15	<u><u>166,916</u></u>	<u><u>2,040</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

The accompanying notes form an integral part of the financial statements.

Statement of Comprehensive Income for the year ended 30 April 2016

There has been no other comprehensive income or expense other than the profit for the year as shown above (2015: Nil).

LONDON CAPITAL & FINANCE PLC

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2016

		2016	Period ended
	Note	£	2015
			as restated
			£
Non-current assets			
Property, plant and equipment	7	9,233	-
Trade and other receivables	8	6,848,446	-
Deferred tax asset	13	18,366	-
		<u>6,876,045</u>	<u>-</u>
Current assets			
Trade and other receivables	9	3,038,457	1,021,128
Cash and cash equivalents		281,662	8
		<u>3,320,119</u>	<u>1,021,136</u>
Total assets		<u>10,196,164</u>	<u>1,021,136</u>
Current liabilities			
Trade and other payables	12	2,774,735	695,006
Net current assets		<u>545,384</u>	<u>326,130</u>
Non-current liabilities			
Trade and other payables	12	7,395,837	516,454
Total liabilities		<u>10,170,572</u>	<u>1,211,460</u>
Net assets/(liabilities)		<u>25,592</u>	<u>(190,324)</u>
Equity			
Share capital	14	50,000	1,000
Accumulated losses	15	(24,408)	(191,324)
Total equity		<u>25,592</u>	<u>(190,324)</u>

The accompanying notes form an integral part of these financial statements.

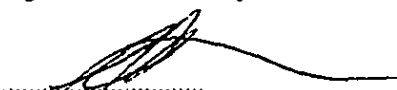
LONDON CAPITAL & FINANCE PLC

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 APRIL 2016

The financial statements on pages 8 to 26 were approved by the Board of directors and authorised for issue on *10/10/16*

Signed on its behalf by:


.....
Mr MA Thomson
Director

Company Registration No. 08140312

LONDON CAPITAL & FINANCE PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2016

	Share capital	Acc losses	Total equity
	£	£	£
Balance at 1 April 2015	1,000	39,162	40,162
Effect of prior period adjustment	-	(232,526)	(232,526)
As restated	<u>1,000</u>	<u>(193,364)</u>	<u>(192,364)</u>
Profit for the period	-	2,040	2,040
Total comprehensive income for the period	<u>-</u>	<u>2,040</u>	<u>2,040</u>
Balance at 30 April 2015	<u>1,000</u>	<u>(191,324)</u>	<u>(190,324)</u>
Profit for the year	-	166,916	166,916
Total comprehensive income for the year	<u>-</u>	<u>166,916</u>	<u>166,916</u>
Issue of share capital	49,000	-	49,000
Balance at 30 April 2016	<u><u>50,000</u></u>	<u><u>(24,408)</u></u>	<u><u>25,592</u></u>

The accompanying notes for an integral part of the financial statements.

LONDON CAPITAL & FINANCE PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2016

	Note	2016 £	2016 £	Period Ended 2015 as restated £	2015 £
Cash (used in)/generated from operations	21		(8,485,410)		1,817
Tax paid			(4,929)		-
Net cash (outflow)/inflow from operating activities			(8,490,339)		1,817
Investing activities					
Purchase of property, plant and equipment		(12,500)		-	
Net cash used in investing activities			(12,500)		-
Financing activities					
Proceeds from issue of shares		12,500		-	
Proceeds from borrowings		8,771,993		(2,280)	
Net cash generated from/(used in) financing activities			8,784,493		(2,280)
Net Increase/(decrease) in cash and cash equivalents			281,654		(463)
Cash and cash equivalents at beginning of year/period			8		471
Cash and cash equivalents at end of year/period			281,662		8

The accompanying notes form an integral part of the financial statements.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

Company information

London Capital & Finance Plc is a company limited by shares incorporated in England and Wales. The registered office is The Old Coach House, Eridge Park, Eridge Green, Tunbridge Wells, TN3 9JS.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is made up of three elements; interest receivable on loans, fees associated with the arrangement of loans and other consultancy fees. The company recognises consultancy fees on an accruals basis and the revenue associated with a financial asset is calculated on an effective interest rate basis.

The effective interest rate basis is a method of calculating the amortised cost of financial assets and of spreading the revenue over the expected life of the financial asset. The effective interest rate is the rate that discounts all estimated future cash flows, including the associated interest and fees, to the financial assets initial carrying value.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% Straight Line
Plant and equipment	33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

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LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than any held at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Adoption of new and revised standards and changes in accounting policies

There has been a change in the accounting standards in the year from UK GAAP to IFRS.

There has been no impact on transition and no changes to accounting policies.

During the transition from UK GAAP to IFRS, the Company identified a change in loan terms for a customer had not been recognised in the period ending 30 April 2015. The change in loan terms was retrospectively applied from 1 April 2015 and has been restated in the current year. This has resulted in a reduction in the opening loan balance of £231,268.

Future accounting developments

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

The Company intends to adopt these standards, if applicable, when they become effective.

a) IFRS 9 'Financial Instruments' - IFRS 9 is the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39.

The Company notes that there are new accounting standards on the horizon, which are neither adopted by the EU nor effective at 30 April 2016 including IFRS 9. IFRS 9 is still subject to EU endorsement, the timing of which is uncertain, but is currently expected to be effective for annual periods beginning on or after 1 January 2018. As such the directors are monitoring developments and considering the associated impact on the Company's financial statements.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

3 Revenue

An analysis of the company's revenue is as follows:

	Year ended 30 April 2016 £	Period ended 30 April 2015 £
Interest receivable	792,664	15,330
Consultancy fees	155,537	-
	<u>948,201</u>	<u>15,330</u>
	<u>948,201</u>	<u>15,330</u>

Included within interest receivable are fees associated with the arrangement of the loans which are recognised over the life of the loans.

4 Operating profit

Profit for the year/period is stated after charging/(crediting):

	Year ended 30 April 2016 £	Period ended 30 April 2015 £
Fees payable to the company's auditors for the audit of the company's financial statements	25,000	3,000
Depreciation of property, plant and equipment	3,267	-
Finance costs	618,719	7,974
Staff costs	9,352	-
	<u>656,338</u>	<u>10,974</u>

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

5 Employees

The average monthly number of employees (including non-executive directors) were: 2

Their aggregate remuneration comprised:

	Year ended 30 April 2016 £	Period ended 30 April 2015 £
Employment costs		
Wages and salaries	8,681	-
Social security costs	671	-
	<u>9,352</u>	<u>-</u>

No emoluments were paid to the directors during the year (2015 - £nil).

6 Income tax expense

	Continuing operations	
	Year ended 30 April 2016 £	Period ended 30 April 2015 £
Current tax		
Current year taxation	-	196
	<u>-</u>	<u>196</u>
Deferred tax		
Origination and reversal of temporary differences	(18,366)	-
	<u>(18,366)</u>	<u>-</u>
Total tax (credit)/charge	<u>(18,366)</u>	<u>196</u>

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

(Continued)

6 Income tax expense

The (credit)/charge for the year can be reconciled to the profit per the Income Statement as follows:

	Year ended 30 April 2016 £	Period ended 30 April 2015 £
Profit before taxation	148,550	2,236
Expected tax charge based on a corporation tax rate of 20.00%	29,710	447
Expenses not deductible in determining taxable profit	276	-
Utilisation of tax losses not previously recognised	(28,139)	(251)
Recognition of tax losses brought forward	(18,366)	-
Permanent capital allowances in excess of depreciation	(2,500)	-
Depreciation on assets not qualifying for tax allowances	653	-
Tax (credit)/charge for the year	(18,366)	196

The prior year adjustment resulted in an unrecognised deferred tax asset of £46,505. The unrecognised deferred tax asset relating to losses at the year end was £nil (2015: £46,505).

7 Property, plant and equipment

	Fixtures and fittings £	Plant and equipment £	Total £
Cost			
Additions	6,750	5,750	12,500
At 30 April 2016	6,750	5,750	12,500
Accumulated depreciation and impairment			
Charge for the year	1,350	1,917	3,267
At 30 April 2016	1,350	1,917	3,267
Carrying amount			
At 30 April 2016	5,400	3,833	9,233

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

8 Non-current trade and other receivables

	Non-current 2016 £	Period ended 2015 as restated £
Loans and receivables carried at amortised cost	6,848,446	-
	<u>6,848,446</u>	<u>-</u>

The company has not designated any financial assets as financial assets at fair value through profit or loss.

The terms of the loans are bespoke to each customer depending on their circumstances and credit history. A fixed rate of interest is applied to each loan plus fees and other associated costs which will be repaid by the customers over the life of the loan.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

9 Current trade and other receivables

	Current 2016 £	Period ended 2015 as restated £
Loans receivable	585,568	1,020,128
Unpaid share capital	37,500	1,000
Other receivables	540,867	-
Corporation tax recoverable	4,929	-
Prepayments	1,869,593	-
	<u>3,038,457</u>	<u>1,021,128</u>

Loans receivable disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Loans receivable are secured against a fixed and floating charge over the assets of its customers which is held by the company.

The terms of the loans are bespoke to each customer depending on their circumstances and credit history. A fixed rate of interest is applied to each loan plus fees and other associated costs which will be repaid by the customers over the life of the loan.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

10 Financial instruments

The company's principal financial instruments comprise cash, receivables and payables that arise from its operations.

The directors consider that the carrying amount of receivables, cash and payables all approximate to their fair value.

The directors are consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Company currently finances itself through the issuance of fixed rate bonds which are matched to the fixed rates loans made by the company. Increase or decrease of 1% in interest rate risk would not have a material impact on the company or its financial statements.

Interest receivable on bank deposits will be affected by fluctuations in interest rates, but are immaterial.

Credit risk

The Company's credit risk is primarily attributable to its receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because security is held over and above the value of the loans and extensive credit checks and due diligence are performed on new and existing customers.

The carrying value of the loans outstanding as at year end is £7,434,014, the notional value of the loans outstanding as at year end is £9,396,814 and the fair value of the assets against which these loans are secured is £60,752,482. The carrying value of the loans is the value of the loans outstanding as at the year end net of deferred revenue. The notional value is simply the value of the loans outstanding as at the year end.

At the year-end, there were no loans which were overdue and not impaired, or overdue and impaired.

At the year-end, there were no allowances for doubtful debts (prior period: Nil).

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

11 Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company may encounter difficulties in meeting its financial obligations as they fall due. The directors consider that there is no significant liquidity risk as the Company has sufficient cash resources to continue its operations.

	Less than 1 year £	Between 2-5 years £	Total £
At 30 April 2015			
Bonds issued	663,515	516,454	1,179,969
	<u>663,515</u>	<u>516,454</u>	<u>1,179,969</u>
	<u><u>663,515</u></u>	<u><u>516,454</u></u>	<u><u>1,179,969</u></u>
At 30 April 2016			
Bonds issued	2,556,357	7,395,837	9,952,194
	<u>2,556,357</u>	<u>7,395,837</u>	<u>9,952,194</u>
	<u><u>2,556,357</u></u>	<u><u>7,395,837</u></u>	<u><u>9,952,194</u></u>

Bonds are issued with an interest rate ranging from 3.9% to 8.5%.. Bonds issued are presented including interest payable on bonds issued in the table above.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

12 Trade and other payables

	Current		Non-current	
	Period ended 2016	2015 as restated	2016	Period ended 2015 as restated
	£	£	£	£
Trade payables	2,556,357	663,515	7,395,837	516,454
Amounts due to contract customers	189,275	-	-	-
Accruals	25,000	8,100	-	-
Social security and other taxation	1,823	9,986	-	-
Other payables	2,280	13,405	-	-
	<u>2,774,735</u>	<u>695,006</u>	<u>7,395,837</u>	<u>516,454</u>
			2016	2015
Analysis of bonds			£	£
Amounts payable in less than one year			2,556,357	663,515
Amounts payable in 2-5 years			7,395,837	516,454
			<u>9,952,194</u>	<u>1,179,969</u>

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses £
Deferred tax liability at 1 May 2014 and 1 May 2015	-
Deferred tax movements in current year	
Recognition of deferred tax asset due to restatement in the year	(18,366)
Deferred tax liability at 30 April 2016	-
Deferred tax asset at 30 April 2016	<u>(18,366)</u>

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

13 Deferred taxation

(Continued)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016	Period ended 2015 as restated
	£	£
Deferred tax assets	(18,366)	-

14 Share capital

Period ended

2016

2015

as restated

£

£

Ordinary share capital

Issued and authorised

50000 Ordinary shares of £1 each (2015: 1000)

50,000

1,000

Reconciliation of movements during the year:

	Number
At 1 May 2015	1,000
Issue of shares	49,000
At 30 April 2016	50,000

During the year the company issued 49,000 ordinary shares at par of £1.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

15 Accumulated losses

	£
At 31 March 2015 as previously reported	39,162
Prior year adjustment	(232,526)
At 31 March 2015 as restated	(193,364)
Profit for the period	2,040
At 30 April 2015 as previously reported	39,944
Prior year adjustment	(231,268)
At 30 April 2015 as restated	(191,324)
Profit for the year	166,916
At 30 April 2016	(24,408)

16 Operating leases commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2016	Period ended 2015 as restated
	£	£
Minimum lease payments under operating leases	(2,323)	-

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2016	Period ended 2015 as restated
	£	£
Between two and five years	(12,000)	-

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

16 Operating leases commitments

(Continued)

The operating leases represent leases to third parties. The leases are negotiated over terms of 5 years and rentals are fixed for 5 years. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions. There are no options in place for either party to extend the lease terms.

17 Capital risk management

The company is not subject to any externally imposed capital requirements.

18 Related party transactions

Other transactions with related parties

During the year, the company had the following transactions with International Resorts Group Plc - a company which MA Thomson was a director of until he resigned on 30 June 2015.

- Loans of £75,000 (1 month period ended April 2015: £20,000)
- Repayments of £700,032 (1 month period ended April 2015: £nil)
- Interest of £26,442 (1 month period ended April 2015: £14,072)

Included in debtors at the year end are loans carried forward of £585,566 (1 month period ended April 2015: £1,251,396 which was restated to £1,184,156) due from International Resorts Group Plc. The loans are 24 month loans which accrue interest at 2.75% per annum. They are due to be repaid by 9 July 2017.

The loan book with International Resorts Group Plc was transferred during the year at par from Sanctuary International PCC Limited - a company where MA Thomson was director.

No guarantees have been given or received.

LONDON CAPITAL & FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

19 Directors' transactions

During the year the MA Thomson made drawings of £134,973 (2015: £Nil) and incurred expenses on the company's behalf of £28,000 (2015: £Nil).

Included in other debtors is an amount of £95,848 (period ended April 2015: Creditor of £11,125) due from MA Thomson. The loan has no interest rate and was repaid post year end.

20 Controlling party

The ultimate controlling party is M A Thomson (Director) by virtue of his 100% shareholding.

21 Cash generated from operations	Period ended	
	2016	2015
	£	as restated £
Profit for the year/period	166,916	2,040
Adjustments for:		
Taxation credited	18,366	196
Depreciation and impairment of property, plant and equipment	3,267	-
Movements in working capital:		
Prior year period adjustment	-	(232,526)
(Increase)/decrease in trade and other receivables	(8,860,846)	34,588
Increase in trade and other payables	186,887	34,201
Cash generated from operations	8,485,410	161,501