

Lion Portfolio (No.2) Limited

Report and Financial Statements

Period Ended

31 March 2019

Company Number 11267248



Lion Portfolio (No.2) Limited

**Report and financial statements
for the period ended 31 March 2019**

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Directors

P G Meads
Noe Group (Corporate Services) Limited

Registered office

30 Market Place, London, England, W1W 8AP

Company number

11267248

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Lion Portfolio (No.2) Limited

Report of the directors for the period ended 31 March 2019

The directors present their report together with the audited financial statements of the company for the period from 21 March 2018 to 31 March 2019. The company was incorporated on 21 March 2018.

Directors

The directors of the company during the period were:

P G Meads (appointed on 21 March 2018)

Noe Group (Corporate Services) Limited (appointed on 21 March 2018)

Results

The results for the period are set out in the statement of comprehensive income on page 6.

Dividends

The directors do not recommend the payment of a dividend.

Principal activity

The principal activity of the company is that of property investment.

Directors' responsibilities

The directors are responsible for preparing financial statements which 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 and are in accordance with applicable laws. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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; 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 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.

Lion Portfolio (No.2) Limited

Report of the directors for the period ended 31 March 2019 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as first auditors to the company in the period. A resolution to re-appoint BDO LLP as auditors will be proposed at the annual general meeting.

In preparing the directors' report, advantage has been taken of the small companies exemption under the Companies Act 2006.

Approval

This Directors' Report was approved by order of the Board on 16 SEPTEMBER 2019



**P G Meads
Director**

Lion Portfolio (No.2) Limited

Independent auditor's report to the members of Lion Portfolio (No.2) Limited

Opinion

We have audited the financial statements of Lion Portfolio (No.2) Limited ("the company") for the period from 21 March 2018 to 31 March 2019, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standards 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Lion Portfolio (No.2) Limited

Independent auditor's report to the members of Lion Portfolio (No.2) Limited (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

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 and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Lion Portfolio (No.2) Limited

Independent auditor's report to the members of Lion Portfolio (No.2) Limited (*continued*)

Use of our report

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.



Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date 16 SEPTEMBER 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lion Portfolio (No.2) Limited

Statement of comprehensive income for the period ended 31 March 2019

	Note	Period 21 March 2018 to 31 March 2019 £'000
Rental and other income		1,320
Property expenses		(77)
Gross profit		1,243
Administrative expenses		(31)
Operating profit	3	1,212
Interest payable and similar charges	6	(385)
Profit on ordinary activities before taxation		827
Tax on profit for the period	7	(189)
Profit on ordinary activities after taxation		638

All amounts relate to continuing activities.

There are no other items of recognised gains or losses other than those shown above and there is no other comprehensive income for the period.

The notes on pages 9 to 14 form part of these financial statements.

Lion Portfolio (No.2) Limited

Statement of financial position at 31 March 2019

Company number 11267244	Note	2019 £'000	2019 £'000
Fixed assets			
Investment property	8		17,566
Current assets			
Debtors	9	13	
Creditors: amounts falling due within one year	10	(7,470)	
Net current liabilities			(7,457)
Total assets less current liabilities			10,109
Creditors: amounts falling due after more than one year	11		(9,471)
Net assets			638
Capital and reserves			
Called up share capital	13		-
Profit and loss account			638
Shareholders' funds			638

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 16 SEPTEMBER 2019.


P/G Meads
Director

The notes on pages 9 to 14 form part of these financial statements.

Lion Portfolio (No.2) Limited

Statement of changes in equity for the period ended 31 March 2019

	Share capital £'000	Profit and loss account £'000	Total £'000
At 21 March 2018	-	-	-
Ordinary shares issued during the period	-	-	-
Profit and total comprehensive income for the period	-	638	638
	<hr/>	<hr/>	<hr/>
At 31 March 2019	-	638	638
	<hr/>	<hr/>	<hr/>

The notes on pages 9 to 14 form part of these financial statements.

Lion Portfolio (No.2) Limited

Notes forming part of the financial statements for the period ended 31 March 2019

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying accounting policies. There were significant judgements or estimates required for the reporting year and see note 2 for further discussion on this area.

The following principal accounting policies have been applied:

Going concern

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. In addition, the company has received an undertaking from its parent entity that no amounts owed by the company will be called for repayment for a period of at least 12 months from the date of approval of these financial statements unless the company is in a position to make payments without adversely affecting its ability to continue to trade and settle any future obligations.

The parent entity also undertakes to continue to provide such financial support as the company requires for its continued operation for a period of not less than 12 months from the approval of the company's financial statements for the period ended 31 March 2019.

Investment property

Investment property is carried at fair value and is based on an internal valuation by the directors. It is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Lion Portfolio (No.2) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Rental income

Rental income represents rent receivable from the letting of commercial space in the United Kingdom. Rental income is recognised on an accruals basis.

Derivatives

The company uses an interest rate swap to hedge its risks associated with variable interest rates on debt. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. The movement in fair value between the reporting periods is included in the profit or loss either within finance income or costs as appropriate as the company does not seek to hedge account. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative and are categorised within one year or greater than one year based on the expected termination of the swap arrangement.

Cashflow statement

The company has taken the cashflow statement exemption under FRS 102 and consequently has not presented a cashflow statement as the company represents a small entity under the small companies regime.

Lion Portfolio (No.2) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these consolidated financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- *Investment property (see note 8)*

Investment property is valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

3 Operating profit

Audit fees are paid by a fellow group company.

4 Employees

The company had no employees during the period.

5 Directors' remuneration

No remuneration was paid to directors during the period in respect of their services in relation to the company.

6 Interest payable and similar charges

	Period 21 March 2018 to 31 March 2019 £'000
Bank loan interest	275
SWAP fair value movement	82
Bank charges	28
	<hr/>
	385
	<hr/>

Lion Portfolio (No.2) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 *(continued)*

7 Taxation

	Period 21 March 2018 to 31 March 2019 £'000
Current tax	189

The tax assessed for the period differs from the standard rate of income tax in the UK applied to profit before tax. The differences are explained below:

	Period 21 March 2018 to 31 March 2019 £'000
Profit on ordinary activities before tax	827
Profit on ordinary activities at the standard rate of income tax in the UK of 19%	157
Effects of:	
Expenses not deductible for tax purposes	31
Timing differences	1
Total tax charge for period	189

8 Investment property

	2019 £'000
At 21 March 2018	-
Additions	17,550
Capitalised expenses	16
At 31 March 2019	17,566
At 31 March 2019:	
Gross valuation	17,566
Lease incentive adjustment	-
Net value of company's investment in investment property	17,566

Lion Portfolio (No.2) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 *(continued)*

8 Investment property (continued)

The freehold investment property is valued annually by the directors on 31 March 2019 at fair value. Details on the assumptions made and the key sources of estimation uncertainty are given in note 1 and note 2.

9 Debtors

	2019 £'000
Trade debtors	9
VAT receivable	4
	<hr/> 13 <hr/>

10 Creditors: amounts falling due within one year

	2019 £'000
Bank loans	83
Amounts owed to group undertakings	7,128
Accruals	69
Corporation tax liability	189
Deferred tax liability	1
	<hr/> 7,470 <hr/>

11 Creditors: amounts falling due after more than one year

	2019 £'000
Bank loans	9,502
Unamortised loan arrangement fees	(113)
Interest rate SWAP derivative	82
	<hr/> 9,471 <hr/>

The maturity of sources of debt finance are as follows:

	Loans £'000
In one year or less, or on demand	84
In more than one year but not more than two years	84
In more than two years but not more than five years	9,417
	<hr/> 9,585 <hr/>

Lion Portfolio (No.2) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (*continued*)

12 Financial instruments

The company's financial instruments may be analysed as follows:

	2019 £'000
Financial assets	
Financial assets measured at amortised cost	9
Financial liabilities	
Financial liabilities measured at amortised cost	16,782
Financial liabilities measured at fair value	82
	16,864

Financial assets measured at amortised cost comprise of trade debtors.

Financial liabilities measured at amortised cost comprise amounts due to group undertakings, bank loans and accruals.

Financial liabilities measured at fair value through profit or loss represent an interest rate SWAP. The fair values of the interest rate SWAPs have been determined by reference to price available from the market on which the instruments involved are traded.

13 Share capital

	2019 £
<i>Allotted, called up and fully paid</i>	
Share capital classified as equity:	
1 ordinary share of £1 each	1

During the period the company issued 1 ordinary share of £1 each at par for cash.

14 Related parties disclosure

The company has taken advantage of the exemptions conferred by Chapter 33 'Related party disclosures' of FRS 102, the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland, not to disclose transactions with members of the group.

15 Ultimate controlling party

The immediate parent entity is Lion Portfolio Holdings Limited, a company registered in the United Kingdom. The ultimate controlling party is Myddleton Properties Limited, a company registered in Gibraltar.