

L.M.S. Industrial Finance Limited

Directors' report and financial statements

31 December 2009

FRIDAY



LMG0ZLCJ

LD4

02/07/2010

167

COMPANIES HOUSE

L.M.S. Industrial Finance Limited

Directors' report and financial statements

Contents	Page
Directors' report	1
Independent auditors' report	3
Profit and loss account	5
Balance sheet	6
Statement of total recognised gains and losses	7
Notes to the financial statements	8 - 12

Directors

J D Burns
N Q George
D M A Wisniewski
S P Silver
P M Williams

Secretary and registered office

T J Kite
25 Savile Row
London
W1S 2ER

Company number

894239

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

L.M.S Industrial Finance Limited

Company number 894239

Directors' report

Principal activities and future developments

The Company is a short-term financing company. The directors foresee no material change in the nature of the Company's activities.

Financial review and dividends

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend a payment of a dividend (2008: £nil).

No political or charitable donations were made during the year (2008: £nil).

Directors

The directors who held office during the year were as follows:

J D Burns
N Q George
C J Odom (resigned 1 February 2010)
S P Silver
P M Williams

D M A Wisniewski was appointed as a director on 1 February 2010.

Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Business review exemption

This report has been prepared in accordance with the special provisions for small companies under Part 15 and section 417(1) of the Companies Act 2006.

Auditors

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

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 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.

L.M.S. Industrial Finance Limited

Company number 894239

Directors' report (continued)

In preparing those 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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.

By order of the board



T J Kite

Secretary

25 Savile Row

London

W1S 2ER

7th May 2010

L.M S. Industrial Finance Limited

Company number 894239

Independent auditors' report to the members of L M.S. Industrial Finance Limited

We have audited the financial statements of L M S Industrial Finance Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes. 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

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 2009 and of its profit 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 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.

L.M S Industrial Finance Limited

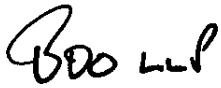
Company number 894239

Independent auditors' report to the members of L.M.S. Industrial Finance Limited

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



Richard Kelly (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

7th May 2010

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

L.M.S. Industrial Finance Limited
Company number 894239

Profit and loss account

for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Foreign exchange gain/(loss)		3,585,740	(8,260,236)
Administrative expenses		(12,451)	(5,656)
Operating profit/(loss)	2	3,573,289	(8,265,892)
Dividend receivable		55,894	15,084,923
Other income		23,763	-
Other interest receivable and similar income	3	119	12,220
Interest payable and similar charges	4	(335,640)	(1,030,516)
Profit on ordinary activities before taxation		3,317,425	5,800,735
Tax on profit on ordinary activities	5	-	219,553
Profit for the financial year after taxation		3,317,425	6,020,288

All amounts relate to continuing activities

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

L M S. Industrial Finance Limited

Company number 894239

Balance sheet

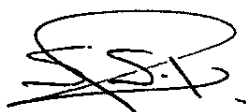
at 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Investments	6		-		55,895
Current assets					
Cash at bank and in hand		30,699		56,073	
Debtors	7	292,917,909		338,511,564	
		<hr/>		<hr/>	
		292,948,608		338,567,637	
Creditors amounts falling due within one year	8	(282,968,505)		(331,904,960)	
		<hr/>		<hr/>	
Net current assets			9,980,103		6,662,677
			<hr/>		<hr/>
Total assets less liabilities			9,980,103		6,718,572
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		9,980,101		6,662,676
Revaluation reserve	10		(1)		55,894
			<hr/>		<hr/>
Equity shareholders' funds	11		9,980,102		6,718,572
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 7th May 2010 and were signed on its behalf by



D M A Wisniewski
Director



S P Silver
Director

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

L.M.S Industrial Finance Limited*Company number 894239***Statement of total recognised gains and losses***for the year ended 31 December 2009*

	2009 £	2008 £
Profit for the financial year after taxation	3,317,425	6,020,288
Unrealised deficit on revaluation of subsidiary undertaking	(55,895)	(88)
Total recognised gains and losses relating to the financial year	3,261,530	6,020,200

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

L.M.S. Industrial Finance Limited

Notes

(forming part of the financial statements)

1 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 and in accordance with the Companies Act 2006

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements

Subsidiary undertakings' valuation

The Company's investments in the shares of Group undertakings are stated at directors' valuation on a basis which takes account of the net assets of the undertakings at 31 December 2009 which will include the professional valuation of properties. Surpluses and temporary deficits arising from the directors' valuation are taken to revaluation reserve in the Company balance sheet, impairments are taken to the Company profit and loss account

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, and exchange differences are included in the profit and loss account

Taxation

The charge for taxation is based on the profit 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 reversed by the balance sheet date, except as otherwise required by FRS 19

L.M.S. Industrial Finance Limited

Notes (continued)

2 Operating profit/(loss)

Audit fees are paid by Derwent London plc

The Company does not have any employees (2008 nil) and there were no directors' emoluments (2008 £nil)

3 Other interest receivable and similar income

	2009 £	2008 £
Bank interest	51	3,095
Other	68	9,125
	<u>119</u>	<u>12,220</u>

4 Interest payable and similar charges

	2009 £	2008 £
Bank interest payable	1,140	63
Payable to group undertakings	334,500	1,030,453
	<u>335,640</u>	<u>1,030,516</u>

5 Tax on profit on ordinary activities

	2009 £	2008 £
Analysis of charge for the year		
Adjustments in respect of previous periods	-	(219,553)
	<u>-</u>	<u>(219,553)</u>
Tax on profit on ordinary activities	-	(219,553)

L.M.S. Industrial Finance Limited

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge/(credit) for the year

The current tax charge for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28.5% (2008 28%). The differences are explained below

	2009 £	2008 £
Current tax reconciliation		
Profit on ordinary activities before taxation	3,317,425	5,800,735
Current tax at 28% (2008 28.5%)	928,879	1,653,209
Effects of		
Differences between expenses and deductions for tax purposes	(1,460)	1,274
Utilisation of losses brought forward	(783,007)	-
Adjustments to tax charge in respect of previous periods	-	(219,553)
Group relief (claimed)/surrendered not paid	(659,025)	2,036,671
Transfer pricing adjustment	530,263	608,049
Intercompany dividend	(15,650)	(4,299,203)
Current tax charge/(credit) for the year	-	(219,553)

6 Investments

	£
Valuation	
At 1 January 2009	55,895
Disposal of subsidiary undertaking	(55,895)
At 31 December 2009	-

L.M.S. Industrial Finance Limited

Notes (continued)

7 Debtors

	2009	2008
	£	£
Amounts due from group undertakings	292,836,346	338,511,564
Other debtors	81,563	-
	<u>292,917,909</u>	<u>338,511,564</u>
All amounts fall due for payment within one year		

8 Creditors amounts falling due within one year

	2009	2008
	£	£
Amounts owed to group undertakings	282,564,500	331,678,332
Taxation and social security	5,632	4,725
Other creditors	398,373	221,903
	<u>282,968,505</u>	<u>331,904,960</u>

9 Called up share capital

	2009	2008
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

10 Reserves

	Profit and loss account	Revaluation Reserve
	£	£
At 1 January 2009	6,662,676	55,894
Profit for the financial year	3,317,425	-
Deficit on disposal of subsidiary undertaking	-	(55,895)
	<u>9,980,101</u>	<u>(1)</u>
At 31 December 2009	9,980,101	(1)

L.M.S. Industrial Finance Limited

Notes (continued)

11 Reconciliation of movements in equity shareholders' funds

	2009 £	2008 £
Profit for the financial year after taxation	3,317,425	6,020,288
Other recognised gains and losses relating to the year	(55,895)	(88)
	<hr/>	<hr/>
Net movement in shareholders' funds	3,261,530	6,020,200
Opening shareholders' funds	6,718,572	698,372
	<hr/>	<hr/>
Closing shareholders' funds	9,980,102	6,718,572
	<hr/>	<hr/>

12 Contingent liabilities

No provision has been made for any taxes which might become payable in the event of future sales or deemed disposal disposals of investments at their book values. In the opinion of the directors the maximum contingent liability would be £nil (2008 £15,650)

13 Related party transactions

As a wholly owned subsidiary of Derwent London plc the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related party disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group

14 Parent company

The Company's immediate parent undertaking is London Merchant Securities Limited, a company incorporated in England and Wales

The Company's ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated group accounts can be obtained from this address