

**Lion Investments Limited**

**Directors' Report and Financial Statements**

**For the year ended 31 December 2019**

**Registered in England and Wales number 1815754**



# **Lion Investments Limited**

## **Directors' Report and Financial Statements**

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## **Lion Investments Limited**

### **Directors' Report**

The Directors present their report and the Financial Statements of the Company for the year ended 31 December 2019.

#### **Principal activities**

The Company is an investment holding company. The Directors foresee no material change in the nature of the Company's activities.

The investment policy and objective of the Company is predominantly focused on private equity investment. The Financial Statements have been prepared on a going concern basis. Further details on going concern are included in note 1.

#### **Business review**

The Company acts as the registered holder of various investments on behalf of either its ultimate parent company, LMS Capital plc, or other companies within the LMS Capital group. The investments can be in funds, quoted or unquoted companies.

The Company does not have any employees, nor does it trade on its own account. Any income received, or expenses incurred, result from the actions taken by LMS Capital plc and which, for financial reporting purposes, are accounted for in the Company's financial records. The Company's Statement of Comprehensive Income is on page 7 and its balance sheet is on page 8.

The principal risks and uncertainties facing the Company are integrated with those of its ultimate parent company and are not managed separately. The principal risks and uncertainties faced by LMS Capital plc are set out in its annual report and accounts which does not form part of this report.

The Directors of the Company believe that an analysis of the Company's operations using key performance indicators is neither necessary nor appropriate as the operations of the Company are managed by LMS Capital plc on a consolidated investment management business basis.

Copies of LMS Capital plc's report and accounts can be found in the Investor Relations section on its website, [www.lmscapital.com](http://www.lmscapital.com), or a paper copy can be requested from its registered office, Two London Bridge, London, SE1 9RA.

#### **Financial review and dividends**

The results for the year are set out in the Statement of Comprehensive Income set out on page 7. No political or charitable donations were made during the year (2018: £nil).

The Directors do not recommend the payment of a dividend for the year (2018: £nil).

The Covid-19 pandemic has had an impact on the Company and the wider group post year end, further details are included in note 12.

#### **Directors**

The Directors who held office during the year and as at the date of approving the Directors' Report and Financial Statements were as follows:

The Hon RA Rayne  
N Friedlos

## **Lion Investments Limited**

### **Directors' Report** *(continued)*

#### **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, as defined by the Companies Act 2006, of which the Company's auditor is unaware; 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 auditor is aware of that information.

#### **Auditor**

In accordance with s.487 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditor of the Company was proposed and approved at the Annual General Meeting of the ultimate parent Company LMS Capital Plc.

On behalf of the board



**N Friedlos**  
*Director*  
Two London Bridge  
London  
SE1 9RA

2 July 2020

## **Lion Investments Limited**

### **Statement of Directors' Responsibilities**

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 United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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;
- 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 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.

## **Independent Auditor's Report**

### **Opinion**

We have audited the Financial Statements of Lion Investments Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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 Standard 101 *Reduced Disclosure Framework* (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 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Directors' 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.

## **Independent Auditor's (continued)**

### **Other information (continued)**

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.

### **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 year 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 in relation to which 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; or
- the Directors were not entitled to 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 Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements, 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 determine 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

## **Independent Auditor's Report (continued)**

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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.

### **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.



Neil Fung-On (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
3 July 2020

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



## Lion Investments Limited

### Statement of Comprehensive Income

For the year ended 31 December 2019

	<u>Notes</u>	<u>Year ended</u> <u>31-Dec-19</u> £	<u>Year ended</u> <u>31-Dec-18</u> £
(Loss) / Profit on disposal of investments		(142,042)	153,127
Fair value movement in the year	6	(482)	261,593
		<hr/>	<hr/>
<b>(Loss) / Profit from investing activities</b>		<b>(142,524)</b>	<b>414,720</b>
Administrative expenses	2	(680,813)	(667,377)
Interest receivables and similar income	3	629,495	740,865
Interest payable and similar charges	4	(558)	(13)
		<hr/>	<hr/>
<b>(Loss) / Profit on ordinary activities before taxation</b>		<b>(194,400)</b>	<b>488,195</b>
Tax on (loss) / profit on ordinary activities	5	83,362	(83,362)
		<hr/>	<hr/>
<b>(Loss) / Profit for the financial year</b>		<b>(111,038)</b>	<b>404,833</b>
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>Total Comprehensive Income for the financial year</b>		<b>(111,038)</b>	<b>2,693,747</b>
		<hr/>	<hr/>

All results are derived from continuing activities.

The notes on pages 10 to 17 form part of the Financial Statements.

**Lion Investments Limited**

Company registration Number: 1815754

**Balance Sheet**

As at 31 December 2019

	<u>Notes</u>	<u>31-Dec-19</u> £	<u>31-Dec-18</u> £
<b>Fixed assets</b>			
Investments	6	1,317	331,030
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	7	3,427,860	3,382,456
Cash		312,066	221,413
		<hr/>	<hr/>
Creditors: amounts falling due within one year	8	(1,158,532)	(1,241,150)
		<hr/>	<hr/>
<b>Net Current Assets</b>		<b>2,581,394</b>	<b>2,362,719</b>
		<hr/>	<hr/>
<b>Net Assets</b>		<b>2,582,711</b>	<b>2,693,749</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account		2,582,709	2,693,747
		<hr/>	<hr/>
<b>Equity Shareholders' Funds</b>		<b>2,582,711</b>	<b>2,693,749</b>
		<hr/>	<hr/>

The notes on pages 10 to 17 form part of the Financial Statements.

These Financial Statements were approved by the Board of Directors on 2 July 2020 and were signed on its behalf by:



**N Friedlos**  
Director

## **Lion Investments Limited**

### **Statement of Changes in Equity**

**For the year ended 31 December 2019**

	<b>Share capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2018	2	2,288,914	2,288,916
Profit for the financial year	-	404,833	404,833
Other comprehensive Income	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	2	2,693,747	2,693,749
Loss for the financial year	-	(111,038)	(111,038)
Other comprehensive Income	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	2	2,582,709	2,582,711
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 17 form part of the Financial Statements.

# **Lion Investments Limited**

## **Notes to the Financial Statements**

### **1 Principal 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 information has been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), and under the historic cost convention, modified to include the revaluation of investments that are stated at fair value rather than cost less provision for diminution in value.

The Company, on a standalone basis, is considered to be a qualifying entity (for the purposes of this FRS). In preparing these Financial Statements, the Company has taken advantage of all disclosure exemptions granted by FRS 101. Therefore these Financial Statements do not include:

- certain comparative information as required by EU-adopted IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted; and
- disclosure of the related party transactions with other wholly owned subsidiaries of the Group.

In addition and in accordance with FRS 101, further disclosure exemptions have been adopted because the equivalent disclosures are included in the group accounts of LMS Capital Group Limited. These Financial Statements do not include certain disclosures in respect of:

- financial instruments; and
- fair value measurement.

The Company is considered to be a going concern and the accounts have been prepared on a going concern basis. In making this assessment the Directors have considered, for the group as a whole, the financial position as at the 31 December 2019 and have prepared liquidity forecasts for a three year period from 1 January 2020. In preparing this liquidity forecasts consideration has been given to the expected impact of Covid-19 on the Company and the wider group.

## **Lion Investments Limited**

### **Notes to the Financial Statements (continued)**

#### **1 Principal Accounting Policies (continued)**

##### **Investments**

Investments are included in the balance sheet at fair value. Fair values have been determined in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. These guidelines require the valuer to make judgments as to the most appropriate valuation method to be used and the results of the valuations.

Each investment is reviewed individually with regards to the stage, nature and circumstances of the investment and the most appropriate valuation method selected. The valuation results are then reviewed and any amendment to the carrying value of investments is made as considered appropriate.

##### **Quoted investments**

Quoted investments for which an active market exists are valued at the closing bid price at the balance sheet date.

##### **Unquoted investments**

Unquoted investments for which there is no ready market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment. Valuation methods that may be used include:

- investments in an established business are valued using revenue or earnings multiples depending on the stage of development of the business and the extent to which it is generating sustainable profits or positive cash flows;
- investments in a business the value of which is derived mainly from its underlying net assets rather than its earnings are valued on the basis of net asset valuation;
- investments in an established business which is generating sustainable profits and positive cash flows but for which other valuation methods are not appropriate are valued by calculating the discounted cash flow of future cash flows or earnings;
- investments in debt instruments or loan notes are determined on a standalone basis, with the initial investment recorded at the price of the transaction and subsequent adjustments to the valuation are considered for changes in credit risk or market rates. Convertible instruments are valued by disaggregating the convertible feature from the debt instrument and valuing it using a Black-Scholes model; and
- the Company has adopted the updated IPEV guidelines which are effective from 1 January 2019. The main changes of the new guidelines are:
  - price of a recent investment removed as a primary valuation technique; and
  - valuing debt investment is expanded.

## **Lion Investments Limited**

### **Notes to the Financial Statements (continued)**

#### **i Principal accounting policies (continued)**

##### **Cash at bank and in hand**

Cash comprises cash in hand, cash at bank and demand deposit.

##### **Foreign Currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. 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 Statement of Comprehensive Income.

Investments denominated in foreign currencies are translated at the closing rates ruling at the balance sheet date as part of the fair value adjustment and are taken as a gain/(loss) in the current year profit/(loss).

##### **Taxation**

Corporation tax payable both in the UK and overseas is provided on taxable profits at the current rate. Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation that are not expected to be recovered in the short term. Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the near future. No deferred taxation has been recognised as at 31 December 2019.

##### **Debtors**

The Company's debtors include amounts owed by group undertakings. These are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses.

Consideration has been given to the expected credit loss model in determining the value of the debtor. Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses from possible default events within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses from all possible default events over the life of the financial instrument).

## **Lion Investments Limited**

### **Notes to the Financial Statements (continued)**

#### **1 Principal accounting policies (continued)**

##### **Debtors (continued)**

- A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction.
- For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.
- Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the expected credit losses decrease.

##### **Creditors**

The Company's creditors include amounts owed to ultimate parent. These are initially recognized at fair value. Subsequent measurement is at amortised cost using the effective interest method.

##### **Gains and losses on Investment**

Realised and unrealised gains and losses on investments are recognised in the income statement in the period which they arise.

##### **Interest Income**

Interest income is recognised as it accrues using the effective interest method.

##### **Administrative Expenses**

Administrative expenses are recognised on an accruals basis.

##### **Capital and Reserves**

Capital and reserves for the Company represent the following:

- a) Share capital - the nominal value of shares issued, increased for subsequent share issues or reduced due to shares bought back by the Company for cancellation.
- b) Profit and loss reserve – the cumulative net profit or loss of the Company.

# **Lion Investments Limited**

## **Notes to the Financial Statements (continued)**

### **2 Administrative Expenses**

	<u>Year ended</u> <u>31-Dec-19</u>	<u>Year ended</u> <u>31-Dec-18</u>
	£	£
Provision for doubtful debt / expected credit loss charge	(684,668)	(662,646)
Accounting and administration fees	3,855	(4,731)
	<u>(680,813)</u>	<u>(667,377)</u>

Audit fees have been paid by LMS Capital plc, the ultimate parent company in the amount of £9,500 (2018: £9,000). The Company does not have any employees (2018: nil) and there were no Directors' emoluments (2018: £nil).

### **3 Interest receivable and similar income**

	<u>Year ended</u> <u>31-Dec-19</u>	<u>Year ended</u> <u>31-Dec-18</u>
	£	£
Interest received from loan to group undertaking	684,965	662,646
Foreign exchange (loss) / gain on provision for doubtful debt	(55,470)	78,219
	<u>629,495</u>	<u>740,865</u>

### **4 Interest payable and similar charges**

	<u>Year ended</u> <u>31-Dec-19</u>	<u>Year ended</u> <u>31-Dec-18</u>
	£	£
Bank charges	(558)	(13)
	<u>(558)</u>	<u>(13)</u>

### **5 Tax on (loss) / profit on ordinary activities**

	<u>Year ended</u> <u>31-Dec-19</u>	<u>Year ended</u> <u>31-Dec-18</u>
	£	£
<b>Analysis of tax credit / (charge) for the year</b>		
Current year tax credit / (charge)	<u>83,362</u>	<u>(83,362)</u>



## Lion Investments Limited

### Notes to the Financial Statements (continued)

#### 5 Tax on (loss) / profit on ordinary activities

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

	<u>Year ended</u> <u>31-Dec-19</u> £	<u>Year ended</u> <u>31-Dec-18</u> £
<b>Current tax reconciliation</b>		
(Loss) / profit on ordinary activities before taxation	(194,400)	488,195
Current tax at 19% (2018: 19.%)	36,936	(92,757)
<b>Effects of:</b>		
Non-allowable provision for doubtful debt	(130,087)	(125,903)
Non-taxable investment fair value adjustment	(92)	49,703
Transfer pricing adjustments	13,576	6,050
Group relief	106,655	50,451
Fair value adjustment on disposal	(26,988)	29,094
Prior year adjustment	83,362	-
Tax credit / (charge) for the year	<u>83,362</u>	<u>(83,362)</u>

#### 6 Fair value movement in the year

	<u>Quoted</u> <u>Investments</u> £	<u>Unquoted</u> <u>Investments</u> £	<u>Total</u> £
<b>Valuation</b>			
At 31 December 2018	1,799	329,231	331,030
Fair value movement in the year	(482)	-	(482)
Disposals	-	(329,231)	(329,231)
At 31 December 2019	<u>1,317</u>	<u>-</u>	<u>1,317</u>

As is common practice in the venture capital industry, the investments are structured using a variety of instruments including ordinary shares, preference and other shares carrying special rights, options and warrants and debt instruments both with and without conversion rights. The investments are held for resale with a view to the realisation of capital gains. Generally, the investments do not pay significant income.

	<u>Quoted</u> <u>Investments</u> £	<u>Unquoted</u> <u>Investments</u> £	<u>Total</u> £
<b>Historical cost</b>			
At 31 December 2018	12,224	-	12,224
At 31 December 2019	<u>12,224</u>	<u>-</u>	<u>12,224</u>

## Lion Investments Limited

### Notes to the Financial Statements (continued)

#### 7 Debtors

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
	£	£
Amounts owed by group undertakings	10,868,786	10,428,890
Less provision for doubtful debt	(7,440,926)	(7,046,434)
	<u>3,427,860</u>	<u>3,382,456</u>
Other receivables	-	-
	<u>3,427,860</u>	<u>3,382,456</u>

#### 8 Creditors: amounts falling due within one year

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
	£	£
Amounts owed to ultimate parent	(1,158,532)	(1,155,535)
Due to third parties	-	(85,615)
	<u>(1,158,532)</u>	<u>(1,241,150)</u>

#### 9 Called up share capital

	<u>31-Dec-19</u>	<u>31-Dec-18</u>
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 Ordinary share of £1 each	<u>2</u>	<u>2</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### 10 Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard 101.8(k) 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group.

#### 11 Immediate and ultimate parent company

The Company is controlled by LMS Capital Holdings Limited, the Company's immediate parent company. The ultimate controlling party at the balance sheet date is LMS Capital plc, the Company's ultimate parent company, which is incorporated in England and Wales. As a consequence of the adoption of an amendment to IFRS 10, the ultimate parent company LMS Capital plc no longer prepares consolidated accounts. LMS Capital Group Limited, a 100% owned subsidiary of LMS Capital plc, now prepares consolidated Financial Statements.

## **Lion Investments Limited**

### **Notes to the Financial Statements (continued)**

#### **11 Immediate and ultimate parent company (continued)**

The Financial Statements of LMS Capital Group Limited include the results of the Company. The consolidated Financial Statements of LMS Capital Group Limited may be obtained at the following address: Two London Bridge Street, London, SE1 9RA.

#### **12 Subsequent events**

The Covid-19 global pandemic has spread to the UK, increasing the impact on UK-based businesses. The Covid-19 crisis is a developing situation as of the date of this report, and the Company continues to closely monitor the impact on its business and portfolio. This situation is considered to be a non-adjusting post balance sheet event in respect of the Statement of Financial Position and therefore no quantitative adjustment has been made to the Financial Statements.

The rapid development of the Covid-19 pandemic and its impact on the currently volatile equity and capital markets make it difficult to predict the ultimate impact it will have on the Company's portfolio valuation. Therefore, the Company is currently unable to assess the financial impact on its portfolio investments. Although the Company is currently unable to quantify any specific amounts, the key future impacts are expected to be as follows:

- Declines in the fair value of quoted investments as a result of the overall decline in the U.S. and U.K. equity markets;
- Potential declines in the fiscal 2020 valuations of unquoted and funds investments that are valued using market multiples. The declines may come from a decrease in the market multiples, or a decline in the underlying financial metric used in the valuation such as revenues or EBITDA; and
- Potential liquidity impacts to the underlying businesses in our portfolio investments from any tightening of the capital markets that could negatively impact the ability to access capital through either debt or equity.

There are no other subsequent events that would materially affect the interpretation of these Financial Statements.