

Lonfin Investments Limited

Report and Accounts

Year ended 30 June 2022

Company No: 2110725



Lonfin Investments Limited ---

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Lonfin Investments Limited

Strategic Report

Lonfin Investments Limited ("Lonfin" or the "Company") is a private company limited by shares. Lonfin is an investment holding company and a wholly owned subsidiary of London Finance & Investment Group PLC, a UK investment finance and management company whose shares are admitted to the premium listing segment of the Official List of the Financial Conduct Authority and traded on the London Stock Exchange. Lonfin's objective is to achieve capital growth in real terms over the medium term. We are operating in difficult times. Stock markets are volatile. The Company is not immune to these external factors, but the Company is supported by its parent, which has net assets in excess of £13 million.

The Company holds Strategic Investments in two companies, registered and operating in the UK - Western Selection PLC ("Western") and Finsbury Food Group PLC ("Finsbury"). The value of these investments at 30 June 2022 was £2,751,181 and £1,206,000 respectively.

Investments

Western, UK registered company

Western is an investment finance and management company, whose shares are admitted to trading on the AQSE Growth Market.

The Company owns 7,860,515 Western shares, being 43.8% of the issued share capital of Western.

On 28 September 2022, Western announced audited final results showing a loss after tax of £438,000 for its year to 30 June 2022 (2021 – loss after tax of £109,000). The loss per share was 2.40p (2021 – 0.62p).

Western did not pay an interim dividend this year and does not propose a final dividend (2021 – Nil). Western's net assets at market value as at 30 June 2022 were £9,963,000, equivalent to 56p per share, with no change to the 56p per share last year.

Western's objective is to generate growth in value for shareholders over the medium to long-term. Western also aspires to pay a progressive dividend, when in the best interest of the shareholders and the Company, including ensuring any dividend paid would not have a negative effect on the ability to maintain continued growth. Recently, some of the Core Holdings held by Western have not performed well. The Western Board has fully engaged with those companies' boards to encourage change and ensure a focus on shareholder value. Western's Board is delighted that they have seen a recovery in value in some cases and continue to be fully engaged investors. At present Western is not seeking to invest in new Core Holdings. Western continues to actively invest through its treasury operations which consist of a mix of cash and debt facilities as well as the liquid investments. These liquid investments are primarily in blue-chip companies in the USA, UK and Europe.

As at 30 June 2022, the Company's share of the net assets of Western, including the value of Western's investments at market value, was £4,363,794 (2021 - £4,395,768). The fair value for Western recorded in the Statement of Financial Position is the market value of £2,751,181 (2021 - £2,711,878).

Finsbury

Finsbury is one of the largest producers and suppliers of premium cakes, bread and morning goods in the UK and currently supplies most of the UK's major supermarket chains. Further information about Finsbury, whose shares are admitted to trading on AIM, is available on its website: www.finsburyfoods.co.uk.

At 30 June 2022, Lonfin held 1,800,000 Finsbury shares, representing 1.4% of Finsbury's issued share capital. The market value of the holding was £1,206,000 as at 30 June 2022 (cost - £517,065) and represents approximately 32% (2021 – 29%) of Lonfin's net assets.

On 26 September 2022, Finsbury announced their preliminary results, with total comprehensive profit of £11,588,000 for the 53 weeks ended 2 July 2022 (52 weeks to 26 June 2021 –£13,645,000).

A total of £154,030 in dividends were received from Finsbury during the year (2021 - £Nil).

As of 8 September 2022, all 1,800,000 shares have been disposed of.

Lonfin Investments Limited

Strategic Report (continued)

Results

Total Comprehensive Income, after the disposal of 4,200,000 shares in Finsbury and fair value adjustments reflecting the decrease in value of Finsbury of £3,077,515, the increase in the value of Western of £39,300 and taxation, for the year was a loss of £849,550, compared to a profit of £1,905,362 for the previous year.

Key Performance Indicators

Key Performance Indicators ("KPIs") are the yardsticks against which the Board measures the performance of the Company. Our objectives are real growth over the long term in dividends and net assets per share. Comments on the movement of these indicators over the year are detailed above.

	2022	2021
Net assets per share	£37,533	£62,068
(Decrease)/Increased in net assets per share over the year	(39.5)%	44.3%
Dividend income	154,030	-

Definition of KPIs used above:

Net Assets per share - Net assets including investments at market value at their most recent valuation divided by the number of shares in issue at the year end

Dividend income - Dividends receivable for the year.

Business Environment, Financial Instruments & Risks

The financial instruments of the Company, in addition to its investments, comprise borrowings to finance those investments.

As an investment company, the principal market risks arise from the Company's financial instruments, and are:

Stock market volatility and economic uncertainty

The Company's investment performance will be affected by general economic and market conditions. Although the Company cannot predict the level of growth in the global economy, as with most businesses, it believes a period of weak market growth will have an adverse effect on its investments. Volatility relating to the Company's investments, including movements in interest rates and returns from equity and other investments will impact upon the value of the Company's investment portfolio. The volatility risk has been increased by the continued presence of Covid-19 and the emergence of new variants, the UK/EU issues still to be resolved post Brexit, the impact on the United Kingdom and Europe of the war in Ukraine, global energy supply and food shortage concerns and the rising cost of living and inflation. These factors diminish investor confidence as well as increasing market uncertainty.

Investments

A number of external factors outside the control of the Company may impact the share price performance of its investments. Covid-19 continues to be a major health concern affecting not only the United Kingdom but countries across the globe although the risk has been greatly reduced for those countries with successful vaccination programmes. Post Brexit issues remain to be resolved with the EU and the war in Ukraine has exacerbated global energy and food supply shortages. Such factors, together with rising inflation changes in international stock market conditions and exchange rate movements, will contribute to the volatility of prices of foreign stocks. Furthermore, there have been and there will continue to be large fluctuations on stock markets in both the United Kingdom and globally, although stock market indices have recovered substantially since their lows in March 2021.

Dividend income

The ability of the companies, that we invest in, to pay dividends to shareholders depends upon their profitability, cash flow and the extent to which, as a matter of law, they have sufficient distributable reserves from which any proposed dividends may be paid and the willingness of the boards of such companies to pay. There can be no guarantee that the companies we invest in will be able to sustain their dividend policies in the future.

Lonfin Investments Limited

Strategic Report (continued)

Ability to make strategic investments

There are limited opportunities for the Company to make strategic investments and therefore there is no guarantee that the Company will be able to do so at a price the Directors believes will represent fair value.

Liquidity of equity investments in strategic investments

Strategic investments may be made in the equity of "small cap" companies, both listed and unlisted. There is a risk that due to the low level of liquidity in the equity of these strategic investments the Company may not be able to realise its investment, either at all, or at a price the Company believes reflects fair value.

The depth and overlap of experience of the wider Group means that there is no key-man dependency. The policies of the Board, for managing risks associated with its financial instruments, have remained substantially unchanged for the year under review. In addition, the Company is exposed to investment risk arising from the selection of investments which it mitigates by drawing on the investment experience of its Directors.

The Board do not consider that there is any further information relating to environmental matters, employees, social, community and human rights issues that it is necessary to report for an understanding of the development, performance or position of the Company's business.

Dividend

No final dividend was declared and dividends of £1,603,944 were paid during the year (2021- Nil).

By order of the Board



CITY GROUP PLC
Company Secretary

14 October 2022

Lonfin Investments Limited

Directors' Report

Lonfin Investments Limited (the "Company") is a company incorporated in England & Wales. The directors submit their report together with the audited financial statements for the year ended 30 June 2022. Details about the Company's parent undertaking is set out in note 9.

Directors

The directors who served during the year were: -

E.J. Beale
D.C. Marshall

The Articles of Association do not require the directors to retire by rotation. No directors' fees were paid during the year.

Future developments and post balance sheet events

The directors are not aware of any proposed changes in the Company's business or any post balance sheet events which require provision or disclosure in the financial statements.

Going Concern

The directors are very aware of the significant external factors affecting global economies and markets at present but based on the level of expected investment income and low level of ongoing expenses combined with the ability to realise its share portfolio the directors believe that the Company is a going concern.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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 Company law, the directors have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare financial statements in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject
- 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.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Lonfin Investments Limited

Directors' Report (continued)

Auditor reappointment

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 Auditor for the purposes of its audit and to establish that the Auditor is aware of that information. The directors are not aware of any relevant audit information of which the Auditor is unaware.

Registered Office:
1 Ely Place,
London, EC1N 6RY

By order of the Board



CITY GROUP PLC
Company Secretary

14 October 2022

Lonfin Investments Limited

Independent Auditor's Report to the Members of Lonfin Investments Limited

Opinion

We have audited the financial statements of Lonfin Investments Limited (the 'company') for the year ended 30 June 2022 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the report & accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the report & accounts. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Lonfin Investments Limited

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or 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.

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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006 and UK tax legislation.

Lonfin Investments Limited

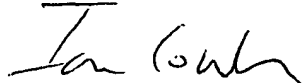
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - *enquiries of management, review of minutes, review of legal and regulatory correspondence, reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations.*
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk of material misstatement due to fraud related revenue recognition.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.



Ian Cowan (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 14 October 2022

Lonfin Investments Limited

Statement of Total Comprehensive Income

Year ended 30 June	Notes	2022 £	2021 £
Dividends	2	154,030	-
Administrative expenses	3	(5,855)	(5,335)
Profit/(Loss) before taxation		148,175	(5,335)
Tax expense	4	-	-
Profit/(Loss) after taxation		148,175	(5,335)
Other comprehensive income			
Profit on disposal of investments	5	2,238,486	-
Income tax on the above	4	(198,000)	-
Unrealised changes in the carrying value of investments	5	(3,038,211)	1,910,697
Total other comprehensive (loss)/income		(997,725)	1,910,697
Total comprehensive (loss)/income attributable to shareholders		(849,550)	1,905,362

All profits and losses are on continuing activities.

Statement of Changes in Shareholders' Equity

	Share capital £	Unrealised (losses)/profits on investments £	Retained Earnings £	Total £
Year ended 30 June 2022				
Balances at 1 July 2021	100	1,519,175	4,687,548	6,206,823
Profit for the year	-	-	148,175	148,175
Other comprehensive income	-	(3,038,211)	2,040,486	(997,725)
Total comprehensive income for the year	-	(3,038,211)	2,188,661	(849,550)
<i>Transactions with shareholders</i>				
Dividends paid	-	-	(1,603,944)	(1,603,944)
Balances at 30 June 2022	100	(1,519,036)	5,272,265	3,753,329
Year ended 30 June 2021				
Balances at 1 July 2020	100	(391,522)	4,692,883	4,301,461
Profit for the year	-	-	(5,335)	(5,335)
Other comprehensive income	-	1,910,697	-	1,910,697
Total comprehensive income for the year	-	1,910,697	(5,335)	1,905,362
Balances at 30 June 2021	100	1,519,175	4,687,548	6,206,823

The notes on pages 12 to 17 form part of these accounts

Lonfin Investments Limited

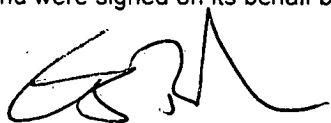
Statement of Financial Position

as at 30 June

Company No: 2110725

	Notes	2022 £	2021 £
Non-current Assets			
Investments	5	3,957,179	8,201,874
Current Liabilities			
Trade and other payables	6	(5,750)	(5,200)
Tax liability		(198,000)	-
Total current liabilities		(203,750)	(5,200)
Non-current Liabilities			
Parent undertaking loan	7	(100)	(1,989,851)
Total net assets		3,753,329	6,206,823
Capital and Reserves			
Issued share capital	8	100	100
Unrealised profits and losses on investments		(1,519,036)	1,519,175
Retained earnings		5,272,265	4,687,548
Equity Shareholders funds		3,753,329	6,206,823

The financial statements were approved and authorised for issue by the board of Directors on 14 October 2022, and were signed on its behalf by:



Edward Beale
Director

The notes on pages 12 to 17 form part of these accounts

Lonfin Investments Limited

Statement of Cash Flows

Year ended 30 June	Notes	2022 £	2021 £
Cash flows from operating activities			
Profit/(Loss) before taxation		148,175	(5,335)
Increase in trade and other payables	6	550	300
Dividends receivable		(154,030)	-
Net cash absorbed by operating activities		(5,305)	(5,035)
Cash flows from investing activities			
Proceeds from disposal of investments		3,444,970	-
Dividends received	2	154,030	-
Net cash generated by investing activities		3,599,000	-
Cash flows from financing activities			
(Decrease)/Increase in advances from parent company	7	(1,989,751)	5,035
Dividends paid		(1,603,944)	-
Net cash (absorbed)/generated by financing activities		(3,593,695)	5,035
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		-	-

Note: The Statement of Cash Flows represents transaction movement through the Parent Company.

The notes on pages 12 to 17 form part of these accounts.

Lonfin Investments Limited

Notes to the accounts

1. Accounting Policies

These financial statements have been prepared in accordance with the UK-adopted International Accounting Standards ("UK-adopted IAS") and Companies Act 2006.

The preparation of financial statements in conformity with UK-adopted IAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if applicable. The most significant techniques for estimation are described in the accounting policies below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

- a) Financial assets are classified by category, depending on the purpose for which the asset was acquired. The company's financial assets comprise Investments in a strategic portfolio, they are held at fair value through Other Comprehensive Income, as elected by the Company, and accumulated under unrealised profits and losses on investments reserve. They are valued at quoted market prices. When the investment is disposed of the cumulative gain or loss previously accumulated in the unrealised profits and losses on investments reserve is reclassified to retained earnings.
- b) The financial liabilities of the Company comprise trade and other payables and parent undertaking loan. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The carrying amounts approximate to their fair value. The loan is initially recognised at fair value, net of transaction costs incurred. The loan is interest free with no fixed term. Any trading balances due to the Company from the parent company are considered payments of the loan and reduce its value.
- c) Dividends receivable are taken to the credit of the statement of total comprehensive income, in respect of listed shares, when the shares are quoted ex-dividend.
- d) The charge for taxation is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Total Comprehensive Income. It excludes items of income (primarily franked dividend income) and expense that are never taxable or deductible and items which are taxable or deductible in other years.
- e) Deferred taxation is provided on the full liability method, at tax rates that are expected to apply, for temporary differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the underlying timing differences can be deducted. Taxation charges or recoveries are recognised in the income statement, or directly to equity when related to items recognised directly to equity.

The Company has not provided against potential taxation on unrealised investment losses in excess of any unrealised gains after indexation allowance, due to the uncertainty of their future recovery (2021 - £Nil).

- f) For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and short-term deposits held with banks of the Parent Company.
- g) New standards, amendments and interpretations adopted by the Company – No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2021 have had a material impact on the company.

Lonfin Investments Limited

Notes to the accounts (continued)

1. Accounting Policies (continued)

New standards, amendments and interpretations not yet adopted - A number of new standards and amendments to standards and interpretations are effective for financial periods beginning after 1 January 2022 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2. Operating profit – Segmental Analysis

Investment Operations	2022	2021
	£	£
Dividends – Investment operations	154,030	-
Administrative expenses – normal	(5,855)	(5,335)
Operating profit/(loss)	148,175	(5,335)

All revenues are derived from Investment operations within the UK. Consequently, no separate geographical segment information is provided.

3. Administrative Expenses

	2022	2021
	£	£
Administrative expenses includes:		
Auditors' remuneration - audit work	5,100	4,650

4. Tax Expense

The charge for taxation differs from that resulting by applying the standard rate of Corporation Tax in the United Kingdom and is explained below: -

	2022	2021
	£	£
Profit/(Loss) on ordinary activities before taxation	148,175	(5,335)
Taxation at 19% (2021 – 19%)	28,153	(1,014)
Effects of: -		
Non-taxable franked investment income	(29,265)	-
Losses carried forward	1,112	1,014
Tax charge	-	-
Other tax		
Income tax	198,000	-
Other tax impacting other comprehensive income	198,000	-

There was no corporation tax outstanding at the year-end (2021: Nil).

From 1 April 2023, the Corporation Tax main rate will increase gradually for profits over £50,000 reaching 25% for profits over £250,000. This has no impact on the current financial statements.

On 23 September 2022 the Chancellor announced that Corporation Tax rate will remain at 19% but this is not substantively enacted

Lonfin Investments Limited

Notes to the accounts (continued)

5. Investments

	Strategic Investments		
	Western Selection £	Finsbury Food Group £	Total £
Cost at 1 July 2021	6,159,153	1,723,550	7,882,703
Opening unrealised gains/(losses)	(3,447,275)	3,776,446	319,171
Opening valuation as at 1 July 2021	2,711,878	5,489,996	8,201,874
<i>Movements in the year</i>			
Disposal (cost)	-	(1,206,484)	(1,206,484)
Unrealised fair value gains/(losses) in the year	39,303	(3,077,514)	(3,038,211)
Closing valuation as at 30 June 2022	2,751,181	1,205,998	3,957,179
 Cost at 1 July 2020	 6,159,153	 1,723,550	 7,882,703
Opening unrealised gain/(losses)	(3,407,972)	1,816,446	(1,591,526)
Opening valuation as at 1 July 2020	2,751,181	3,539,996	6,291,177
<i>Movements in the year</i>			
Unrealised fair value gains/(losses) in the year	(39,303)	1,950,000	1,910,697
Closing valuation as at 30 June 2021	2,711,878	5,489,996	8,201,874
 Cost at 30 June 2022	 6,159,153	 517,066	 1,238,139
Unrealised (losses)/gains at 30 June 2022	(3,407,972)	688,932	(2,719,040)
Closing valuation as at 30 June 2022	2,751,181	1,205,998	3,957,179

Western Selection PLC ("Western") is a UK registered subsidiary undertaking of the Company's holding company, London Finance & Investment Group PLC, its shares are traded on the AQSE Growth Market and it is incorporated and operates in the UK with a financial year end of 30 June.

At 30 June 2022 and 30 June 2021, Western had 17,949,872 ordinary shares of 40p each in issue, of which 43.8% are owned by the Company.

Western is a strategic investment which is technically a subsidiary of the Company that has not been consolidated due to the application of the investment entity exemption under IFRS 10.

Lonfin Investments Limited

Notes to the accounts (continued)

5. Investments (continued)

Extracts from Western's results are as follows: -

	2022	2021
	£000	£000
Loss after tax	(438)	(111)
Non-current assets	3,199	6,777
Current assets	6,815	4,045
Liabilities within one year	(51)	(786)
Net current assets	6,764	3,259
Liabilities due over one year	-	-
Capital	7,180	7,180
Reserves		
Share Premium account	2,654	2,654
Capital Reserve account	3	3
Net asset value per share	56p	56p
Value of the Company's investment in Western at net asset value per share	4,364	4,396
Middle market price per share on 30 June	35p	34.5p
Value of investment in Western at market value	2,751	2,712

6. Trade and Other Payables

	2022	2021
	£	£
Accruals	5,750	5,200
	<u>5,750</u>	<u>5,200</u>

7. Parent undertaking loan

Balance at 1 July	(1,989,851)	(1,984,816)
Decrease/(Increase) during the year	1,989,751	(5,035)
Balance at 30 June	<u>(100)</u>	<u>(1,989,851)</u>

The loan is interest free and has as the principal trigger for its repayment the realisation of the Strategic Investments which it is funding. At the balance sheet date, the directors do not anticipate a realisation of the Strategic Investments in whole or part for a period of at least 12 months.

8. Share Capital

Ordinary shares of £1 each	<u>100</u>	<u>100</u>
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Lonfin Investments Limited

Notes to the accounts (continued)

9. Parent Undertaking

The ultimate holding company is London Finance & Investment Group PLC, a company incorporated and operating in England.

Lonfin Investments Limited is a member London Finance & Investment Group PLC Group and as such is included in the group accounts that are drawn up. Copies of these group accounts have been delivered to the Registrar of Companies and are available from the Company.

10. Related Party Disclosures

The Company has investments in Western. Western is a 43.8% subsidiary of the Company. Mr D.C. Marshall and Mr E.J. Beale were directors of Western on 30 June 2022 and continue as directors of Western.

London Finance & Investment Group PLC, the Company's parent company, owns 51.43% and Western owns 48.57% of City Group PLC ("City Group"). Mr D.C. Marshall and Mr E.J. Beale were directors of City Group, which provides office, administration and company secretarial services to London Finance & Investment Group PLC and Western, at 30 June 2022 and both continue as directors of City Group.

11. Financial Instruments

The directors set out below an explanation of the role that financial instruments have had during the year in creating or changing the risks the Company faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving their objectives that have been followed during the year. The Company monitors its performance against these objectives on a continuous basis and through regular reports of the cash position.

IFRS 13 requires disclosure of fair value measurements under the following hierarchy:

Financial assets and liabilities are classified in their entirety into one of the three levels determined on the basis of the lowest input that is significant to the fair value measurement.

Listed prices (unadjusted) in active markets for identical assets or liabilities – Level 1

Values other than listed prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) – Level 2

Values for the asset or liability that are not based on observable market data (that is unobservable inputs) – Level 3.

The categories of financial instruments used by the Company to achieve its objectives as set out in the Directors' Report are:

	Fair Value Hierarchy Level	2022 £	2021 £
<i>Financial assets at fair value through Other Comprehensive Income</i>			
Investments	1	3,957,179	8,201,874
<i>Financial liabilities at amortised cost</i>			
Parent undertaking loan	n/a	(100)	(1,989,851)
Trade and other payables	n/a	(5,750)	(5,200)

Lonfin Investments Limited

Notes to the accounts (continued)

11. Financial Instruments (continued)

Liquidity Risk – The Company holds investments, most of which are listed on recognised stock exchanges. In normal markets these are, by their nature, liquid. However, there are long periods when the market may not be prepared to deal at realistic prices in unusually large blocks of certain shares and this particularly applies to Western and Finsbury. The Company monitors its exposure to liquidity risk and is supported by its shareholders when any temporary shortfalls in liquidity arises.

Market Risk - The Company is exposed to market risk through the equity investments in other companies. The future values of these investments will fluctuate because of changes in interest rates and other market factors. Reviews for indications of permanent impairment are carried out at least annually. The Directors believe that the exposure to market price risk from these activities is acceptable.

Interest Rate Risk – The Investments are an equity instrument and loans are interest free, consequently the Company does not have a material exposure to interest rate risk.

12. Post Balance Sheet Events

As of 8 September 2022, all the remaining 1,800,000 shares in Finsbury Food Group Plc have been disposed of.