

Registered number: 3847974

LM HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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LM HOLDINGS LIMITED

COMPANY INFORMATION

Directors	A Connolly I S Goodhew
Registered number	3847974
Registered office	201 Bishopsgate London EC2M 3AB
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

LM HOLDINGS LIMITED

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LM HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the audited financial statements for the year ended 31 March 2019.

The Company is a private company limited by shares and is incorporated and domiciled in England the address of its registered office is 201 Bishopsgate, London, EC2M 3AB.

Principal activity

The principal activity of LM Holdings Limited ("the Company") was to act as a holding company, after the liquidation of its subsidiary, the Company has relationships with affiliate companies that will continue for the foreseeable future.

The Directors are satisfied with the Company's progress.

Results and dividends

The loss for the year, after taxation, amounted to £148,000 (2018 - profit £5,027,000).

Net Assets as at 31 March 2019 were £21,697,000 (2018: £21,845,000).

No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2018: none).

Directors

The Directors who served during the year and up to the date of signing this report are:

A Connolly
I S Goodhew

Principal risks and uncertainties

The Company operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The Company has no significant exposure to price, credit or interest rate risk. Given the size of the Company, detailed analysis of risks and uncertainties has not been prepared since such information is not material for the assessment of the Company's assets, liabilities, financial position and results.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of the respective Directors which were in place throughout the year and which remain in place at the date of this report.

Brexit

In June 2016 the UK voted by referendum for "Brexit", whereby the UK will leave the European Union ("EU"). In March 2017, the UK invoked Article 50 of the Treaty on European Union. The political and regulatory circumstances regarding Brexit remain fluid. The Legg Mason group have instigated restructuring plans, although for this Company, there is no impact.

Loan forgiveness

In the year ended 31 March 2019, LM Holdings Limited released Legg Mason & Co (UK) Limited from its £1.65m obligation to repay the principal and accrued interest in relation to a revolving credit agreement.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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.

The Directors 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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

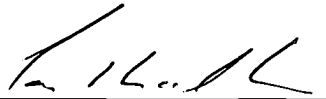
Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

LM HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

This report was approved by the Board of Directors and signed on its behalf.



I S Goodhew
Director

Date: 18 October 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LM HOLDINGS LIMITED

Report on the audit of financial statements

Opinion

In our opinion, LM Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LM HOLDINGS LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

LM HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LM HOLDINGS LIMITED

Auditors' 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 auditors' 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.


Colleen Local (Senior statutory auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

18 October 2019

LM HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £000	2018 £000
Administrative expenses		(10)	(14)
Other operating loss		(1,649)	-
Profit on disposal of subsidiary		-	4,562
Operating (loss)/profit	2	(1,659)	4,548
Interest receivable and similar income	4	1,506	553
(Loss)/profit before tax		(153)	5,101
Tax on (loss)/profit	5	5	(74)
(Loss)/profit for the financial year		(148)	5,027

The profit on disposal of subsidiary relates to the Company's discontinuing operation of acting as an investment holding company. All other balances in the Statement of Comprehensive Income is derived from continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Current assets			
Debtors: amounts falling due within one year	8	21,706	21,854
		<u>21,706</u>	<u>21,854</u>
Creditors: amounts falling due within one year	9	(9)	(9)
Net current assets		<u>21,697</u>	<u>21,845</u>
Total assets less current liabilities		<u>21,697</u>	<u>21,845</u>
Net assets		<u><u>21,697</u></u>	<u><u>21,845</u></u>
Capital and reserves			
Called up share capital	10	43,700	43,700
Profit and loss account		<u>(22,003)</u>	<u>(21,855)</u>
		<u><u>21,697</u></u>	<u><u>21,845</u></u>

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

The financial statements on pages 7 - 16 were approved and authorised for issue by the board and were signed on its behalf on 18 October 2019.


I S Goodhew
 Director

The notes on pages 10 to 16 form part of these financial statements.

LM HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 31 March 2017	43,700	(26,882)	16,818
Profit for the year	-	5,027	5,027
At 31 March 2018	43,700	(21,855)	21,845
Loss for the year	-	(148)	(148)
At 31 March 2019	43,700	(22,003)	21,697

The notes on pages 10 to 16 form part of these financial statements.

LM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies

The principal accounting policies which have been applied consistently for all the years presented are set out below.

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention in compliance with United Kingdom Accounting Standards, comprising FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

1.2 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows are included in the Company's ultimate parent company, Legg Mason, Inc., consolidated financial statements;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

1.3 Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the case of the Company, the preference shares are classified as equity in the balance sheet. No other significant judgments or estimates have been made in the preparation of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)**1.4 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within interest receivable and similar income. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating loss'.

1.5 Interest receivable and similar income

Interest income is recognised in the Statement of Comprehensive Income on an accruals basis.

1.6 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

LM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.7 Debtors

Short-term debtors are initially measured at transaction price less any impairment and subsequently at amortised cost less impairment.

1.8 Creditors

Short-term creditors are initially measured at the transaction price.

2. Operating (Loss)/Profit

The operating (loss)/profit is stated after charging:

	2019	2018
	£000	£000
The audit of the financial statements of the Company pursuant to legislation	7	7

3. Employees

The Company has no employees other than the Directors, who did not receive any remuneration for their services to this company (2018 - nil).

The Directors of LM Holdings Limited earn no fees for their services to this Company but are remunerated for their services to a number of fellow subsidiaries within the Legg Mason Group. These emoluments are included in the relevant disclosure within the financial statements of Legg Mason & Co (UK) Limited.

4. Interest receivable and similar income

	2019	2018
	£000	£000
Interest receivable from group companies	1,506	553
	1,506	553

LM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Taxation

	2019 £000	2018 £000
Current tax on (loss)/profit for the year	-	-
Total tax (credit)/charge for the year	-	-
Deferred tax		
Prior year adjustment	21	4
Utilised on current year (loss)/profit	(26)	70
Total deferred tax	(5)	74
Taxation on (loss)/profit on ordinary activities	(5)	74

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/Profit on ordinary activities before tax	(153)	5,101
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(29)	969
Effects of:		
Non-taxable income	-	(867)
Utilisation of tax losses	26	(102)
Tax rate difference between current & deferred tax	3	-
Deferred tax charge	(5)	74
Total tax (credit)/charge for the year	(5)	74

Factors that may affect future tax charges

The standard rate of corporation tax in the UK is 19%, a reduction to 17% with effect from 1 April 2020 was enacted in the Finance (No.2) Act 2015.

LM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Deferred taxation

	2019	2018
	£000	£000
At beginning of year	96	170
Credit/(Charge) for year	5	(74)
At end of year	101	96

The provision for deferred taxation is made up as follows:

	2019	2018
	£000	£000
Tax losses carried forward	101	96
	101	96

The Company has a deferred tax asset of £101,000 (2018: £96,000) resulting from unutilised tax losses.

The Directors believe that the carrying value of the deferred tax asset is recoverable.

7. Investments in subsidiaries

In 2018, Legg Mason Investments Holdings Limited was liquidated with a £4,562,000 gain recognised in the Statement of Comprehensive Income.

8. Debtors

	2019	2018
	£000	£000
Amounts owed by group undertakings	21,605	21,758
Deferred taxation	101	96
Amounts falling due within one year	21,706	21,854

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. Debtors (continued)

In line with the 'Multilateral Netting Agreement', all inter-company debtor and creditor balances of entities covered by the agreement have been netted off against one another.

In the year ended 31 March 2019, LM Holdings Limited released Legg Mason & Co (UK) Limited from its £1.65m obligation to repay the principal and accrued interest in relation to a revolving credit agreement.

The Company holds the following intercompany loans:

Borrower	Date of Issue	Maturity	Outstanding	Rate
LM International Holdings LP	13th Mar 2012	13th Mar 2022	£22.6m	7.00%
Martin Currie (Holdings) Limited	29th Apr 2015	31st Dec 2019	£30.7m	Libor + 12.5bbps

Lender	Date of Issue	Maturity	Outstanding	Rate
LM International Holdings LP	29th Apr 2015	31st Dec 2019	£30.7m	Libor + 12.5bbps

The Company has a £1.1m trade payables partially offset by £0.1m trade receivables with other group companies.

9. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Accruals and deferred income	9	9
	<u>9</u>	<u>9</u>

In line with the 'Multilateral Netting Agreement', all inter-company debtor and creditor balances of entities covered by the agreement have been netted off against one another.

10. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
3,000,001 (2018 - 3,000,001) Ordinary Shares shares of £1.00 each	3,000	3,000
40,700,000 (2018 - 40,700,000) Preference Shares shares of £1.00 each	40,700	40,700
	<u>43,700</u>	<u>43,700</u>

The Preference Shares have a right to a priority dividend at a rate determined by the Directors, they have priority over the ordinary shareholders on the winding up of the Company and they carry no votes at meetings. The Company may at any time redeem the Preference Shares upon giving to the holder of the Preference Shares not less than one month's notice in writing.

LM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. Other financial commitments

There were no capital commitments or contingencies at 31 March 2019 (2018: nil).

12. Related party transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard 102 not to disclose transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member and the consolidated financial statements in which the Company is included are publicly available. In the opinion of the Directors, all material related party transactions have been fully disclosed in the financial statements.

13. Controlling party

The immediate parent undertaking is LM International Holding L.P., a partnership registered in the Cayman Islands, whose financial statements are not consolidated.

The ultimate parent undertaking and controlling party is Legg Mason, Inc., a company incorporated in the United States of America and listed on the New York Stock Exchange.

Legg Mason, Inc., is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2019. Copies of the consolidated financial statements of Legg Mason Inc., are available from 100 International Drive, Baltimore, MD 21202, USA.