

Scaleshcene Limited

Annual Reports and Financial Statements

For the year ended 30 November 2013

FRIDAY



A3FR4S16

A06

05/09/2014

#278

COMPANIES HOUSE

Scalescene Limited

Registered No. 04407300

DIRECTOR

B Porter

AUDITORS

Mercer & Hole
Fleet Place House
2 Fleet Place
London
EC4M 7RF

REGISTERED OFFICE

Lehman Brothers
Level 23
25 Canada Square
London
E14 5LQ

STRATEGIC REPORT

The director presents the strategic report for the year ended 30 November 2013.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

During the year, a sum of £1,131,801 was received from the parent company, Eldon Street Holdings Limited, in relation to the general intercompany balance receivable from this entity.

The financial position of the company has been adversely affected by deteriorating market conditions leading to impairments of the remaining investments. The director will continue to monitor these investments over the next few months and exits will be sought at appropriate times.

The ultimate parent undertaking of Scalescene Limited, Lehman Brothers Holdings Inc., incorporated in the State of Delaware in the United States of America, filed for Chapter 11 bankruptcy protection on 15 September 2008. On 6 December 2011, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the modified Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc. and its Affiliated Debtors (the "Plan") and on 6 March 2012, the "Effective Date" (as defined in the Plan) occurred. As a result of the effectiveness of the Plan, Lehman Brothers Holdings Inc. and its Affiliated Debtors ("Other Debtors", those entities which also filed for Chapter 11 protection in the Bankruptcy Court) have emerged from bankruptcy.

Subsequent to this event, the immediate parent undertaking of Scalescene Limited, Eldon Street Holdings Limited, went into administration on 9 December 2008.

Following the events noted above the company no longer has a continuing trade and there are no plans for the company to re-invest in property or joint ventures, accordingly, these financial statements have not been prepared on a going concern basis. The impact of this is discussed in note 1 of the financial statements.

For and on behalf of the board



Barry Porter

Director

Date 29 AUG 2014

DIRECTOR'S REPORT

The director presents the report and accounts for the year ended 30 November 2013.

RESULTS AND DIVIDENDS

The company's profit for the year is set out on page 7. The director does not recommend the payment of a dividend (2012: nil).

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review continues to be that of investment in property companies.

DIRECTORS

The following director held office from 1 December 2012:

B Porter


STATEMENT OF DISCLOSURE TO AUDITORS

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Mercer & Hole, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

For and on behalf of the board


Barry Porter

Director

Date 29 August 2014

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The director is responsible for preparing the accounts in accordance with applicable law and regulations.

Company law requires the director to prepare accounts for each financial year. Under that law the director has elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the director does not believe that it is appropriate to prepare these financial statements on a going concern basis.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the accounts comply with the Companies Act 2006. He is 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.

INDEPENDENT AUDITORS' REPORT
to the members of Scalescene Limited

We have audited the financial statements of Scalescene Limited for the year ended 30 November 2013 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2013 and of its result for the year then ended
- have been properly prepared in accordance with the Companies Act 2006
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in and the Director's Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
to the members of Scalescene Limited

INDEPENDENT AUDITOR'S REPORT (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Mercer & Hole

Andrew Crook BA ACA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

5 September 2014

Chartered Accountants
Statutory Auditor

Fleet Place House
2 Fleet Place
London
EC4M 7RF

Scalescene Limited

PROFIT AND LOSS ACCOUNT at 30 November 2013

	<i>Notes</i>	<i>2013</i> £	<i>2012</i> £
Operating expenses	2	<u>1,277,145</u>	<u>-(89,737)</u>
OPERATING PROFIT/(LOSS)		1,277,145	(89,737)
Interest receivable and similar income	4	<u>-</u>	<u>193,450</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,277,145	103,713
Tax on profit/(loss) on ordinary activities	5	<u>178,186</u>	<u>(26,393)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,455,331</u>	<u>77,320</u>

The profit and loss account has been prepared on the basis that all operations are discontinued operations.
There are no recognised gains or losses other than those passing through the profit and loss account.

Scalescene Limited

BALANCE SHEET at 30 November 2013

	Notes	2013 £	2012 £
CURRENT ASSETS			
Investments	7	79,933	4,370
Debtors	8	91,000	-
Cash at bank		<u>4,605,190</u>	<u>3,428,608</u>
		4,776,123	3,432,978
CREDITORS: amounts falling due within one year	9	<u>(159,849)</u>	<u>(272,035)</u>
NET CURRENT ASSETS		<u>4,616,274</u>	<u>3,160,943</u>
NET ASSETS		<u>4,616,274</u>	<u>3,160,943</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	<u>4,616,273</u>	<u>3,160,942</u>
SHAREHOLDERS' FUNDS	11	<u>4,616,274</u>	<u>3,160,943</u>

Approved by the Board for issue on.....29 AUG. 2014



Barry Porter

Director

Registered No. 04407300

Scalescene Limited

CASHFLOW STATEMENT for the year ended 30 November 2013

	<i>Notes</i>	<i>2013</i> £	<i>2012</i> £
Net cash inflow from operating activities	11	1,361,433	2,491,609
Returns on investment and servicing of finance			
Dividend received		-	193,450
Taxation		(184,849)	(66,000)
Management of liquid resources			
Sale of current asset investments		-	161,578
Net cash inflow before management of liquid resources and financing		1,176,584	2,780,637
Increase in cash in the year	12	<u>1,176,584</u>	<u>2,780,637</u>

NOTES TO THE ACCOUNTS
at 30 November 2013

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The director has considered the factors discussed in the Strategic Report and the lack of a continuing trade in the company and have resolved that they do not consider the company to be a going concern. These accounts have therefore been prepared on a break-up basis. Fixed asset investments have been reclassified to current asset investments and estimated costs of closure have been accrued for.

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Where the company has used foreign currency borrowings to finance its foreign equity investments denominated in the same currency, it retranslates the carrying value of its investments at the rate ruling at the balance sheet date, in accordance with paragraph 51 of SSAP 20. All differences arising are taken to reserves and offset against the exchange gains or losses arising on the associated foreign currency borrowings which are also treated as reserves movements.

All other exchange movements have been taken through the profit and loss account.

Current Asset Investments

Unlisted investments are stated at historic cost unless in the opinion of the director there has been impairment in value in which case an appropriate adjustment is made.

2. OPERATING EXPENSES

	2013 £	2012 £
Foreign exchange (gain)/loss	(70,150)	133,547
Legal expenses	245	(5,000)
Late filing fees	-	500
Profit on disposal of current asset investments	-	(39,310)
Impairment of current asset investments	(75,439)	-
Provision against amounts receivable from Eldon Street Holdings Limited	(1,131,801)	-
	<u>(1,277,145)</u>	<u>89,737</u>

Auditors' remuneration for the current year and prior year in respect of audit services was borne by the immediate parent company.

Scalescene Limited had no employees during the year (2012 – none).

NOTES TO THE ACCOUNTS
at 30 November 2013

3. DIRECTOR'S EMOLUMENTS

The director serving during the year was remunerated by Lehman Brothers Limited both in 2013 and 2012.

4. INTEREST RECEIVABLE & SIMILAR INCOME

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Dividend received	<u>-</u>	<u>193,450</u>
	<u>-</u>	<u>193,450</u>

NOTES TO THE ACCOUNTS
at 30 November 2013

5. TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

	2013	2012
	£	£
a) Tax on profit/ (loss) on ordinary activities		
UK corporation tax	-	18,301
Adjustments in respect of prior periods	(178,186)	8,092
Total current tax	(178,186)	26,393

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the current year is not at the standard rate of corporation tax in the UK of 23.33% (2012 – 24.67%). The differences are explained below:

Profit/ (loss) on ordinary activities before tax	1,277,145	103,713
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.33% (2012 – 24.67%)	297,977	25,586
Effects of:		
Non-deductible expenses	57	192,921
Non-assessable income	(281,695)	(200,205)
Prior period adjustments:		
Recognition of prior period tax adjustments	(27,827)	-
Tax Losses carried forward but not recognised	11,488	-
Payments made in respect of group relief received in prior periods	159,849	-
Reversal of 2011 profits	(319,734)	-
Reversal of 2012 profits	(18,301)	-
Utilisation of tax losses	-	8,092
Current tax credit for the year	(178,186)	26,393

(c) Factors affecting future tax charges

Prior year losses of £49,241 carried forward to later years, resulting in a deferred tax asset of £11,488 have not been recognised. The deferred tax asset has not been recognised due to the uncertainty surrounding the Company's future profitability.

The reduction in the UK corporation tax rate to 23% was substantively enacted in March 2012 and is effective from 1 April 2013. A further reduction from 23% to 21% was substantively enacted in March 2013 and will be effective from 1 April 2014. In addition, the Government announced its intention to further reduce the UK corporation tax rate to 20% from 1 April 2015.

The aggregate impact of the proposed reductions in the corporation tax rate would reduce the unrecognised deferred tax asset by £1,640.

NOTES TO THE ACCOUNTS
at 30 November 2013

6. CURRENT ASSET INVESTMENTS

Cost:	£
At 1 December 2012	2,060,126
Exchange movement	99,081
Cost at 30 November 2013	<u>2,159,207</u>
Impairment:	
At 1 December 2012	(2,055,758)
Impairment	75,439
Exchange movement	(98,955)
Impairment at 30 November 2013	<u>(2,079,274)</u>
Net carrying amount as at 30 November 2013	<u>79,933</u>
Net carrying amount as at 30 November 2012	<u>4,372</u>

In the director's opinion, the values of the current asset investments are not less than the amounts at which they are stated in the accounts.

<i>Name of company</i>	<i>Description of shares held by company</i>	<i>Proportion of nominal value and voting rights of shares held</i>	<i>Principal business</i>
Hellas S.R.L. (in liquidation)	Ordinary	45%	Real Estate development
Solaris S.R.L. (in liquidation)	Ordinary	20%	Real Estate development
Royal Building S.R.L. (in liquidation)	Ordinary	29%	Real Estate development

NOTES TO THE ACCOUNTS
at 30 November 2013

6. CURRENT ASSET INVESTMENTS (CONTINUED)

The following information is taken from the audited accounts of the company below at 31 December 2010.

	Capital and reserves		Loss for the period	
	2010	2009	2010	2009
	€	€	€	€
Solaris S.R.L	(1,032,722)	2,649,030	(3,681,752)	(7,027,647)

The following information is taken from the audited accounts of the company below at 30 September 2013.

	Capital and reserves		Profit for the period	
	2013	2012	2013	2012
	€	€	€	€
Royal Building S.R.L.	208,678	200,001	12,012	(29,632)

No accounts for Hellas S.R.L or Solaris S.R.L. have been prepared since the dates they went into liquidation.

7. DEBTORS

	2013	2012
	£	£
Amounts due from Eldon Street Holdings Limited	7,873,099	8,755,651
Provision against amounts due from Eldon Street Holdings Limited	(7,873,099)	(8,755,651)
Corporation tax	91,000	-
	<u>91,000</u>	<u>-</u>

On the 4th of November 2011, Eldon Street Holdings Limited made a distribution of £1,131,801 towards the balance owed to the company. This resulted in a provision write-back for a matching amount.

Interest on loans made to Eldon Street Holdings Limited ceased from 8 December 2008. Following the announcement of this entity going into administration on the 8 December 2008, the director resolved to provide in full for the amount owed as it existed.

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2013

8. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	2013 £	2012 £
Amounts due to group undertakings	159,849	-
Corporation tax	-	272,035
	<u>159,849</u>	<u>272,035</u>

9. SHARE CAPITAL

	2013 £	2012 £
<i>Allotted, called up and unpaid:</i>		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £	Profit and loss account £	Total Shareholders' funds £
At 30 November 2011	1	3,083,622	3,083,623
Profit for the year	-	77,320	77,320
At 30 November 2012	1	3,160,942	3,160,943
Profit for the year	-	1,455,331	1,455,331
At 30 November 2013	<u>1</u>	<u>4,616,273</u>	<u>4,616,274</u>

NOTES TO THE ACCOUNTS
at 30 November 2013

11. CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Reconciliation of operating profit/ (loss) to net cash outflow from operating activities:		
Operating profit/(loss)	1,277,145	(89,737)
Decrease in debtors	-	2,637,833
Increase /(decrease) in creditors	159,849	(56,487)
Non cash movement	(75,561)	-
Total net cash flow from operating activities	<u>1,361,433</u>	<u>2,491,609</u>

12. ANALYSIS OF NET FUNDS

	At 1 December 2012 £	Cash flows £	At 30 November 2013 £
Cash at bank and in hand	<u>3,428,606</u>	<u>1,176,584</u>	<u>4,605,190</u>
Net funds carried forward	<u>3,428,606</u>	<u>1,176,584</u>	<u>4,605,190</u>

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013 £	2012 £
Increase in cash in the year	1,176,584	2,780,637
Movement in net funds in the year	-	-
Opening net funds	<u>3,428,606</u>	<u>647,969</u>
Closing net funds	<u>4,605,190</u>	<u>3,428,606</u>

NOTES TO THE ACCOUNTS

at 30 November 2013

14. CONTINGENT LIABILITIES

The Company is registered with HM Revenue & Customs as a member of the Lehman Brothers Limited group for VAT purposes and as a result, is jointly and severally liable on a continuing basis for amounts owing by other members of the group in respect of unpaid VAT.

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

16. ULTIMATE PARENT COMPANY

The immediate parent undertaking of the company is Eldon Street Holdings Limited, which went into administration on 9 December 2008.

The ultimate parent undertaking of Scalescene Limited, Lehman Brothers Holdings Inc., incorporated in the State of Delaware in the United States of America, filed for Chapter 11 bankruptcy protection on 15 September 2008. On 6 December 2011, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the modified Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc. and its Affiliated Debtors (the "Plan") and on 6 March 2012, the "Effective Date" (as defined in the Plan) occurred. As a result of the effectiveness of the Plan, Lehman Brothers Holdings Inc. and its Affiliated Debtors ("Other Debtors", those entities which also filed for Chapter 11 protection in the Bankruptcy Court) have emerged from bankruptcy.