London Finance & Investment Group P.L.C.

Report & Accounts

30TH JUNE

2014

LONDON FINANCE & INVESTMENT GROUP P.L.C.
("Lonfin")

Lonfin is a United Kingdom investment finance and management company. Its core portfolio centres on quality companies in the FTSE Eurofirst 300 and S&P 500 indices. Additionally, Lonfin holds investments in United Kingdom listed companies where it has Directors in common. Lonfin is also a 43.8% shareholder in its associate Western Selection P.L.C. ("Western). Western's share capital is admitted to trading on the ICAP Securities & Derivatives Exchange (ISDX).

Lonfin's shares are quoted in the official lists of the London and Johannesburg stock exchanges.

CITY GROUP P.L.C.
("City Group")

City Group, which is owned by Lonfin and Western, provides management, office and company secretarial services to both companies and to other clients requiring a London presence, including companies in which Lonfin and Western have an investment.

Contents

Directors

D.C. MARSHALL, *Chairman*, age 70 ♦
Mr. Marshall joined the board in 1971 and was appointed Chairman in 1984. He resides in South Africa, where he has interests in listed trading, financial and property companies. He is the chairman of Western Selection P.L.C., an associate of Lonfin, and is a non-executive director of Creston plc and Northbridge Industrial Services PLC. He is the chief executive of Marshall Monteagle PLC and chairman of Halogen Holdings P.L.C.

F.W.A. LUCAS, BSc, PhD, *Independent Non-executive*, age 46 * †
Dr. Lucas was appointed a director in 1999. He is a mining geologist by profession and one of the founding shareholders and a director of Loeb Aron & Company Ltd, an authorised and regulated investment and issuing house, which specialises in corporate finance and is a Member of the London Stock Exchange and of ICAP Securities & Derivatives Exchange.

L.H. MARSHALL, *Non-executive*, age 43 ♦
Mr. Marshall joined the board in 2013. He is the finance director of Marshall Monteagle PLC and has extensive investment management experience. He is a non-executive director of Hartim Limited, Halogen Holdings P.L.C. and Heartstone Inns Limited.

J.H. MAXWELL, CA, CCMI, FRSA, *Senior Independent Non-executive*, age 69 *
Mr. Maxwell, who is a Chartered Accountant, was appointed a director of the Company in 2003. He currently serves as a non-executive director of The Royal Automobile Club Motor Sports Association Limited.

J.M. ROBOTHAM, OBE, FCA, *Non-executive*, age 81 † ♦
Mr. Robotham joined the board in 1984. He is a non-executive director of Western Selection P.L.C. and is a Chartered Accountant.

*	Member of the audit committee	†	Member of nomination committee
♦	Member of the investment committee		

	United Kingdom	**Republic of South Africa**
Company Secretary and Registered Office	City Group P.L.C. 6 Middle Street London, EC1A 7JA Tel: +44 (0)20 7796 9060 www.city-group.com E-mail: lonfin@city-group.com	D.A. Greer 11 Sunbury Park La Lucia Ridge Office Estate La Lucia 4051 Durban Tel: +27 (0)31 566 7600
Registered Number	00201151	
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent, BR3 4TU Tel: 0871 664 0300 (Calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Monday-Friday) From outside the UK +44 20 8639 3399	Computershare Investor Services (Pty.) Limited 70 Marshall Street Johannesburg, 2001 (P.O. Box 61051, Marshalltown 2107) Tel: +27 11 370 5000

Summary of Investments

At 30th June	**2014**	2013
	£000	£000
Strategic Investment at market value:		
Western Selection P.L.C.	**4,166**	3,930
Finsbury Food Group plc	**4,860**	5,490
	9,026	9,420
General Equity Portfolio at market value	**5,927**	5,601
Tangible non-current assets	**39**	3
Cash, bank balances and deposits	**39**	116
Bank loans	**(925)**	(650)
Other net assets	**20**	53
Deferred taxation	**(111)**	(204)
Non-controlling interests	**(65)**	(81)
Net assets, including investments at market value	**13,950**	14,258
Net assets per share	**44.7p**	**45.7p**
Dividends		
Interim	**0.45p**	0.40p
Proposed final	**0.45p**	0.40p
Profit per share (excluding unrealised changes in the market value of investments):	**0.7p**	0.7p

Financial Calendar

Interim dividend	Paid on 1st April 2014
Annual General Meeting	2nd December 2014
Final dividend for 2014	Payable on 12th December 2014 to holders on the register on 21st November 2014
Half-year results	Announced in February 2015

Analysis of Shareholders

		Number	%	Total	%
1-	500	783	54.0	154,763	0.5
501-	1,000	255	17.6	208,496	0.7
1,001-	5,000	287	19.8	655,061	2.1
5,001-	10,000	40	2.8	335,072	1.1
10,001-	50,000	52	3.6	1,430,298	4.6
50,001-	100,000	9	0.6	754,161	2.4
100,001-	500,000	18	1.2	4,284,500	13.7
500,001-	1,000,000	2	0.1	1,250,000	4.0
Over	1,000,000	4	0.3	22,135,128	70.9
		1,450	100.0	31,207,479	100.0

The current price of the Company's shares can be found on the website of the London Stock Exchange (www.londonstockexchange.com)and in the business section of some of the major South African newspapers.

Strategic Report

Strategy and Business Model

Lonfin is an investment company whose objective is to generate growth in shareholder value in real terms over the medium to long term whilst maintaining a progressive dividend policy.

The Company invests in other companies as set out in the Investment Policy on page 11. In the short term, the performance of the Company can be influenced by overall stock market performance and to ameliorate this short term risk the Company has a combination of Strategic Investments together with a General Portfolio. Strategic Investments are significant investments in smaller U.K. quoted companies and these are balanced by a General Portfolio, which consists of a broad range of investments in major U.S.A., U.K. and other European companies which provides a diversified exposure to international equity markets.

Up until 30th June 2014, the two Strategic Investments, in which we had Directors in common, were our associated company Western Selection P.L.C. and Finsbury Food Group Plc. With effect from 30th June 2014, David Marshall stood down as a Director of Finsbury Food Group Plc. Edward Beale, the chief executive of our subsidiary, City Group P.L.C., remains a director of Finsbury Food Group Plc.

Results

* Net assets have decreased over the year by 2% from 45.7p per share to 44.7p per share, and our Strategic investments have decreased in value over the year by 4%, due to the decline in value of our investment in Finsbury Food Group Plc.
* Strategic investments are yielding 2.5%
* The General Portfolio has increased over the year by 5.8%
* The General Portfolio is yielding 2.8% (2013 – 3.0%).
* Net borrowings of £886,000 compared with £534,000 at 30th June 2013
* Increase of 6.6% in operating costs mainly due to the first increase in director's fees since 2000.

The Group achieved a profit for the year, before tax and the fair value adjustments of investments, of £209,000 (2013- £171,000). The loss, after negative fair value adjustments, tax and non-controlling interest was £43,000 (2013 - £4,637,000 after positive fair value adjustments of £4,629,000) giving a loss per share of 0.1p (2013 profit per share – 14.9p).

Strategic Investments

Western Selection P.L.C. ("Western")
The Group owns 7,860,515 shares, being 43.8%, of the issued share capital of Western.

On 29th September 2014, Western announced a profit before associates and tax of £449,000 for its year to 30th June 2014 (2013 – £681,000). Including associates and after exceptional items and tax, profits per share were 4.5p (2013 - losses – 1.6p).

Western has paid an interim dividend of 0.95p and proposes an increased final dividend of 1.05p making 2.0p for the year (2013 - 1.9p). Western's net assets at market value as at 30th June 2014 were £18,308,000, equivalent to 102p per share, an increase of 20% from 82p last year.

Our share of the net assets of Western, including the value of Western's investments at market value, was £8 million (2013 - £6.5 million). The fair value recorded in the statement of financial position is the market value of £4.2 million (2013 - £3.9 million). This represents 30% (2013 – 27%) of the net assets of the Group. Western's objective is to generate growth in value for shareholders over the medium to long term and pay a progressive dividend. In the past it has sought to achieve this through a twin track approach of a mix of strategic stakes in smaller quoted companies with whom it has directors in common and a general portfolio of investments.

Western has recently undertaken a strategic review. As a result of this review it has determined that it will follow a single track business model in future which will provide more clarity for investors.

Its new business model will be to take sizeable minority stakes in relatively small companies at a pre-IPO or IPO stage, and have directors in common through which they can provide advice and support for these growing companies. Their aim is that these core holdings will then be sold over time into the market. Companies that are targeted as core holdings will have an experienced management team, a credible business model and also good prospects for growth,

Mr. D. C. Marshall is the Chairman of Western and Mr. Robotham and Mr. Beale are non-executive Directors. Western's main core holdings are Creston plc, Northbridge Industrial Services plc, Swallowfield plc and Hartim Limited. An extract from Western's announcement relating to its main core holdings is set out below:

Creston plc

Creston is a marketing services group whose strategy is to grow within its sector both by organic growth and through selective acquisition to become a substantial, diversified marketing services group. Further information about Creston is available on their website: www.creston.com.

The audited results of Creston for the year to 31st March 2014, show a headline profit before tax of £9.6 million (2013 - £10.0 million), equivalent to fully diluted earnings of 11.8p per share (2013 – 14.7p, including tax credit from a positive conclusion to an HMRC enquiry). In their trading announcement on 31st July 2014, Creston reported a 3% growth in revenue for the 3 months to June.

Western maintained its holding of 3,000,000 shares in Creston, which is 4.9% of their issued share capital. The value of this investment at 30th June 2014 was £3,150,000, a decrease of 3% from the value of £3,240,000 at 30th June 2013. This represents 17% (2013 - 22%) of Western's net assets.

Mr D. C. Marshall is a non-executive director of Creston.

Northbridge Industrial Services PLC

Northbridge hires and sells specialist industrial equipment to a non-cyclical customer base. With offices or agents in the U.K., U.S.A., Dubai, Germany, Belgium, France, Australia, Singapore, India, Brazil, Korea and Azerbaijan, Northbridge has a global customer base. This includes utility companies, the oil and gas sector, shipping, construction and the public sector. The product range includes loadbanks, transformers, generators, compressors, loadcells and oil tools. Further information about Northbridge is available on their website: www.northbridgegroup.co.uk.

Northbridge audited profits for the year ended 31st December 2013 were £5,255,000 and paid a final dividend of 3.9p per share, making 5.9p for the year (2013 - 5.4p). On 23rd September 2014, Northbridge announced unaudited interim profits for the six months ended 30th June 2014 of £2,568,000 (2013 - £1,949,000) and declared an interim dividend of 2.2p per share (2013 - 2.0p).

Western sold 125,000 of its 2,000,000 holding in April 2014 for £586,000 and a realised profit of £434,000 and now holds 1,875,000 shares in Northbridge (2013 – realised profit of £527,000 on disposal of 200,000 shares). Western's holding is 10.8% of Northbridge's issued share capital. The value of this investment at 30th June 2014 was £9,750,000 (2013 - £7,040,000) being 53% (2013 - 48%) of Western's net assets.

Mr D. C. Marshall is a non-executive director of Northbridge.

Strategic Report (continued)

Swallowfield plc
Swallowfield is a market leader in the development, formulation, manufacture and supply of cosmetics, toiletries and related household products for global brands and retailers operating in the cosmetics, personal care and household goods market. Further information about Swallowfield is available on their website: www.swallowfield.com.

Swallowfield announced its annual results to 30th June 2014 on 18th September 2014 showing a profit after tax of £157,000 compared to a loss of £910,000 (restated) for the comparable period last year. No dividends were received from Swallowfield during the year (2013 - £118,000). Profits are expected to recover further in the current year under the new management team.

At the reporting date, Western owned 1,869,149 shares which is 16.5% of Swallowfield's issued share capital. The market value of this investment on 30th June 2014 had increased by 21% to £1,813,000 from the value at June 2013 of £1,495,000. This is 10% (2013 - 10%) of Western's net assets.

Mr E. J. Beale was appointed a non-executive director of Swallowfield on 1st July 2014.

Investments in Associates

Hartim Limited
Hartim is the unquoted holding company for Tudor Rose International Limited ("TRI") which was founded in 1984. It works closely with a number of leading UK branded fast moving consumer goods companies, offering a complete sales, marketing and logistical service. Based in Stroud, Gloucestershire, TRI sells into 78 countries worldwide including USA, Spain, Portugal, Italy, Czech Republic, Russia, Turkey, South Africa, Saudi Arabia, UAE, Malaysia, Australia and China.

Western holds 49.5% of Hartim, which has a 31st December year end, and which generated trading profits before exceptional items in the year to 30th June 2014 of £434,000. Hartim recognised exceptional profits, after tax, in connection with its former Australian subsidiary of £337,000 (2013 loss - £2,809,000). Turnover in the period was £20,448,000 (2013 - £21,609,000). Western's share of the consolidated profit after exceptional items and tax for the twelve months to 30th June 2014 was £382,000 (2013 – loss - £937,000) and the book value of the investment at 30th June 2014 was £568,000 (2013 - £185,000), being 3% (2013 - 1%) of Western's assets.

During the period a loan of £500,000 was made to Hartim. This loan is convertible into B shares at par if not repaid, carries interest at a rate of 6% over base rate. It is repayable by 31st December 2016 and is secured over Hartim's principal asset, its investment in Tudor Rose Limited.

Western has two nominees on the board of Hartim: Mr E. J. Beale and Mr L. H. Marshall.

Finsbury Food Group Plc ("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 is available on its website: www.finsburyfoods.co.uk.

Lonfin holds 9 million shares, representing 13.45% of Finsbury's share capital. The market value of the holding was £4,860,000 as at 30th June 2014 (cost - £2,283,000) and represents 35 % (2013 – 38%) of Lonfin's net assets.

On 22nd September 2014, Finsbury announced audited profits on continuing operations after tax and minority interests of £6.5 million for the year ended 28th June 2014 (2013 - £5 million).

Finsbury paid an interim dividend of 0.25p and has recommended to its shareholders a final dividend of 0.75p per share, making 1.00p for the year (2013 – 0.75p).

Mr. Beale is a non-executive Director of Finsbury. Mr D.C. Marshall stood down as a Director of Finsbury on 30th June 2014.

General Portfolio

The investments comprising the General Portfolio at 30th June 2014 are listed on page 10. The portfolio is diverse with material interests in Food and Beverages, Natural Resources, Chemicals and Tobacco. We believe that the portfolio of quality companies we hold has the potential to outperform the market in the medium to long term.

The number of holdings in the General Portfolio has been held at 29. We have increased the amount invested in the General Portfolio over the year by £272,000 (2013 - increased by £626,000).

Operations and Employees

All of our operations and those of our associate, Western, except investment selection, are outsourced to our subsidiary, City Group P.L.C. City Group also provides office accommodation, company secretarial and head office finance services to a number of other U.K. and Jersey companies. City Group has responsibility for the initial identification and appraisal of potential new strategic investments for the Company and the day to day monitoring of existing strategic investments and employs 8 people.

Following expiry of its lease, City Group moved offices in the period and expenses of £39,000 relating to the office move have been capitalised and are being written off over the 5 year period of its new lease.

All 5 directors of the Company, and the 4 directors of its subsidiaries are unchanged from last year and are male. The Group has set a target of 25% female members of the Company board and female candidates will be considered on their merits when vacancies arise. Excluding directors, 3 of the 6 other employees of the Group at 30th June 2014 were female (30th June 2013 - 3 of 6).

Dividend

The Board recommend a final dividend of 0.45p per share, making 0.9p per share for the year (2013 - 0.8p). Subject to members' approval on 2nd December 2014, the dividend will be paid on 12th December 2014 to those members on the register at the close of business on 21st November 2014. Shareholders on the South African register will receive their dividend in South African rand converted from sterling at the closing rate of exchange on 29th September 2014 being GBP1= ZAR 18.3049. Shareholders registered on the Johannesburg register are advised that the dividend withholding tax will be withheld from the gross final dividend amount of 8.23721 SA cents per share at a rate of 15% unless a shareholder qualifies for an exemption; shareholders registered on the Johannesburg register who do not qualify for an exemption will therefore receive a net dividend of 7.00163 SA cents per share.

Outlook

We believe our mix of Strategic Investments and a General Portfolio gives us every chance of outperforming the broader market in the medium to long term. The political tensions in Europe and the Middle East may well create substantial volatility in markets and currencies.

Future Developments

The future development of the Company is dependent on the success of the Company's investment strategy in the light of economic and equity market developments and the continued support of its shareholders.

Strategic Report (continued)

Business Environment, Financial Instruments & Principal Risks and Uncertainties

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

As an investment company our principal risks and uncertainties arise from the Group'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 Group's investment portfolio.

Possible volatility of share prices of investments
A number of factors outside the control of the Company may impact the share price performance of its investments. Such factors could include investor sentiment, local and international stock market conditions, divergence of results from analysts' expectations, changes in earnings estimates by analysts and changes in political and economic sentiment.

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 board to pay There can be no guarantee that the companies we invest in will be able to sustain their dividend policies in the future.

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 Directors means that there is no key-man dependency. Note 20 sets out the policies of the Board, which have remained substantially unchanged for the year under review, for managing risks associated with its financial instruments. In addition the Group 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.

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. As an investment company we have no relevant non-financial KPIs. Comments on the movement of these indicators over the year are detailed above.

	2014	2013	2012	2011
Net assets per share	**44.7p**	45.7p	31.6p	35.0p
Change in net assets per share over 5 years	**192%**	18%	-52%	-33%
Dividends (net) per share	**0.9p**	0.8p	0.7p	0.6p

Definition of KPIs used above

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

Dividends per share - Dividends declared for the year.

Financing Structure

The Group is financed by a mixture of debt and equity. The Board believes that a reasonable level of gearing can enhance returns to shareholders. At 30th June 2014 the Group had bank facilities of £1.5 million which expire in 2017.

At 30th June 2014 the Company had only one class of share, namely Ordinary Shares of 5p each, of which there were 31,207,479 in issue. The rights and obligations attached to these shares are set out in the Company's Articles of Association which may only be amended by a vote of shareholders at a General Meeting. Each share entitles the holder to one vote on each shareholder resolution. There are no special arrangements or restrictions relating to any of these shares, whether in terms of transfers, voting or other rights, or relating to changes in control of the Company.

To provide Directors with flexibility over the management of the Company's capital, shareholders are being asked to approve resolutions at the AGM which would permit the Company to issue new shares as explained in the Directors' Report. Similar resolutions were approved at the last AGM.

By Order of the Board

29th September 2014

CITY GROUP P.L.C.
Company Secretary

Composition of General Portfolio
at 30th June 2014

	£000	%
Nestlé	310	5.2
British American Tobacco	303	5.1
Investor	299	5.0
L'Oreal	283	4.8
Henkel	283	4.8
Diageo	281	4.7
Royal Dutch Shell 'B'	278	4.7
Schindler Holdings	254	4.3
Reckitt Benckiser	250	4.2
Heineken	243	4.1
Pernod-Ricard	243	4.1
BASF	237	4.0
Imperial Tobacco	234	3.9
Unilever	233	3.9
Philip Morris International	219	3.7
Novartis	212	3.6
Holcim	190	3.2
ABB	178	3.0
Danone	174	2.9
Exxon Mobil	163	2.8
Chevron	158	2.7
Procter & Gamble	152	2.6
Linde	149	2.5
Givaudan	123	2.1
Glencore International	119	2.0
Anheuser Busch Inbev	116	2.0
LVMH	106	1.8
3M	71	1.2
United Technologies	66	1.1
	5,927	100.0

Analysis by currency	**£000**	**%**
Euro	1,834	30.9
Sterling	1,697	28.6
Swiss franc	1,268	21.4
US dollar	829	14.0
Swedish kroner	299	5.1
	5,927	100.0

Investment Policy

The Company's investment policy is to invest in a range of "strategic" investments, a "general portfolio" consisting of liquid stock market investments, both in equity instruments and bonds, and, at the Board's discretion, 'other investments', typically property and other physical assets. This investment policy is designed to achieve the Company's objectives of capital growth in real terms over the medium term, while maintaining a progressive dividend policy.

Both "strategic" and "general portfolio" investments can be in any industry sector. "Strategic" investments are significant minority positions in UK small cap companies which can be either quoted or unquoted; to diversify risk the policy is to maintain a number of such investments. Most such investments will be in shares of companies that are publicly traded but investments can also be made in publicly traded and untraded debt or equity instruments of companies that are strategic investments. The "general portfolio" aims to further diversify risk through a spread of investments and a target of between 20 and 30 holdings in some of the world's largest quoted companies.

The intention is for between 30% and 70%. of the overall investment portfolio with a maximum limit of 80% to be in "strategic" investments at the point of investment, with the balance of the portfolio, net of "other investments", to be in the "general portfolio". "Other investments" will be limited to 20 per cent. of the overall value of the investment portfolio, measured at the point of investment. No one "strategic investment" or "other investment" will represent more than 30% and 20%. respectively of the value of all investments at the time of making such investment and no one "general portfolio" investment will represent more than 10 per cent. of the value of the "general portfolio" at the time of such investment.

Within these parameters, changes in strategic and other investments are decided on by the Board and changes to the general portfolio are decided on by the Board or, between Board meetings, by an Investment Committee of the Board. The investment guidelines within which the Investment Committee operates allow the Investment Committee discretion within the parameters set by the Investment Policy. The investment mix and level of borrowings are reviewed at each board meeting.

The Company's gearing is limited at or below 70%. of the total value of investments.

Consolidated Statement of Total Comprehensive Income

For the year ended 30th June

	Notes	2014 £000	2013 £000
Dividends - Listed investments		**393**	313
Interest receivable		**-**	4
Rental and other income		**82**	54
Profits realised on sales of investments		**205**	215
Management services fees		**205**	228
Operating income		**885**	814
Administration expenses	**3**	**(651)**	(610)
Operating profit	**2**	**234**	204
Unrealised changes in the carrying value of investments	**11**	**(339)**	4,629
Interest payable		**(25)**	(33)
(Loss)/profit on ordinary activities before taxation		**(130)**	4,800
Tax on result of ordinary activities	**6**	**71**	(180)
(Loss)/profit on ordinary activities after taxation		**(59)**	4,620
Non-controlling interest		**16**	17
(Loss)/profit for the financial year attributable to members of the holding company	**7**	**(43)**	4,637
Other comprehensive income		**-**	-
Total comprehensive income attributable to shareholders		**(43)**	4,637

Reconciliation of headline earnings

	Notes	2014	2013
Basic (loss)/profit per share	**8**	**(0.1)p**	14.9p
Adjustment for the unrealised changes in the carrying value of investments, net of tax		**0.8p**	(14.2)p
Headline profit per share	**8**	**0.7p**	0.7p

All profits and losses are on continuing activities.

The notes on pages 17 to 28 form part of these accounts.

Consolidated Statement of Changes in Shareholders' Equity

	Ordinary Share Capital £000	Share premium account £000	Unrealised profits/(losses) on investments £000	Share of undistributed results of Subsidiaries £000	Retained realised profits & losses £000	Total £000	Non-Controlling interests £000	Total equity £000
Year ended 30th June 2013								
Balances at 1st July 2012	1,560	2,320	336	(572)	6,211	9,855	98	9,953
Total comprehensive income	-	-	4,495	73	69	4,637	(17)	4,620
Dividends paid	-	-	-	-	(234)	(234)	-	(234)
Total transactions with shareholders	-	-	-	-	(234)	(234)	-	(234)
Balances at 30th June 2013	1,560	2,320	4,831	(499)	6,046	14,258	81	14,339

	Ordinary Share Capital £000	Share premium account £000	Unrealised profits/(losses) on investments £000	Share of undistributed results of Subsidiaries £000	Retained realised profits & losses £000	Total £000	Non-Controlling interests £000	Total equity £000
Year ended 30th June 2014								
Balances at 1st July 2013	**1,560**	**2,320**	**4,831**	**(499)**	**6,046**	**14,258**	**81**	**14,339**
Total comprehensive income	**-**	**-**	**(246)**	**205**	**(2)**	**(43)**	**(16)**	**(59)**
Dividends paid	**-**	**-**	**-**	**-**	**(265)**	**(265)**	**-**	**(265)**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(265)**	**(265)**	**-**	**(265)**
Balances at 30th June 2014	**1,560**	**2,320**	**4,585**	**(294)**	**5,779**	**13,950**	**65**	**14,015**

The notes on pages 17 to 28 form part of these accounts.

Consolidated Statement of Financial Position

At 30th June	Notes	**2014 £000**	2013 £000
Non-current Assets			
Tangible assets	9	**39**	3
Investments	11(a)	**9,026**	9,420
		9,065	9,423
Current Assets			
Listed investments	11(b)	**5,927**	5,601
Trade and other receivables	12	**245**	256
Cash at bank		**39**	116
		6,211	5,973
Current Liabilities			
Trade and other payables: falling due within one year	13	**(1,150)**	(853)
Net Current Assets		**5,061**	5,120
Deferred taxation	14	**(111)**	(204)
Total Assets less Current Liabilities		**14,015**	14,339
Capital and Reserves			
Called up share capital	15	**1,560**	1,560
Share premium account		**2,320**	2,320
Unrealised profits and losses on investments		**4,585**	4,831
Share of retained realised profits and losses of subsidiaries		**(294)**	(499)
Company's retained realised profits and losses		**5,779**	6,046
		13,950	14,258
Non-controlling equity interests		**65**	81
		14,015	14,339

Approved and authorised by the Board on 29th September 2014.

D.C. Marshall *Director*

The notes on pages 17 to 28 form part of these accounts.

Company Statement of Financial Position

at 30th June

	Notes	**2014 £000**	2013 £000
Non-current Assets			
Investments in Group companies	10	**5,923**	6,147
		5,923	6,147
Current Assets			
Listed investments	11(b)	**5,927**	5,601
Trade and other receivables	12	**25**	35
Bank balance		**12**	76
		5,964	5,712
Current Liabilities			
Trade and other payables: falling due within one year	13	**(997)**	(757)
Net Current Assets		**4,967**	4,955
Deferred taxation	14	**(111)**	(204)
Total Assets less Current Liabilities		**10,779**	10,898
Capital and Reserves			
Called up share capital	15/16	**1,560**	1,560
Share premium account	16	**2,320**	2,320
Unrealised profits and losses on investments	16	**1,120**	972
Realised profits and losses	16	**5,779**	6,046
Equity shareholders' funds		**10,779**	10,898

Approved and authorised by the Board on 29th September 2014.

D.C. Marshall *Director*

Registered in England and Wales – Number 00201151

The notes on pages 17 to 28 form part of these accounts.

Consolidated Statement of Cash Flow

For the year ended 30th June

	Notes	2014 £000	2013 £000
Cash flows from operating activities			
(Loss)/profit before tax		**(130)**	4,800
Adjustments for non-cash and non-operating activities -			
Finance expense		**25**	33
Depreciation charges		**3**	1
Unrealised changes in the fair value of investments		**339**	(4,629)
		237	205
Taxes paid	**6**	**(22)**	(22)
Changes in working capital			
Decrease/(increase) in trade and other receivables		**11**	(16)
Increase in trade and other payables		**23**	64
Increase in current asset investments		**(272)**	(375)
		(238)	(327)
Addition to non-current tangible assets		**(39)**	-
Cash flows from tangible non-current assets		**(39)**	-
Cash flows from investment activity			
Purchase of strategic investments	**11**	**-**	(390)
Net cash outflow from investment activity		**-**	(390)
Cash flows from financing			
Interest paid		**(25)**	(33)
Equity dividends paid		**(265)**	(234)
Net drawdown/(repayment) of loan facilities	**18**	**275**	(1,300)
Net cash outflow from financing		**(15)**	(1,567)
Decrease in cash and cash equivalents	**18**	**(77)**	(2,101)
Cash and cash equivalents at the beginning of the year		**116**	2,217
Cash and cash equivalents at end of the year		**39**	116

The notes on pages 17 to 28 form part of these accounts.

Notes to the Accounts
For the year ended 30th June 2014

1. Accounting Policies

(i) The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Acts 2006 applicable to companies reporting under IFRS. The accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value, in accordance with IFRS.

The preparation of financial statements in conformity with IFRS 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.

At the date of authorisation of these financial statements the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued new standards and interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1 July 2014. The Company has not opted for early adoption for those which have been endorsed by the EU. The Directors do not expect that the adoption of these, where applicable, would have a material impact on the Company's financial statements in the period of initial application

(ii) These consolidated accounts include the results of the subsidiaries (all of which are companies) for the year to 30th June 2014. The non-controlling interests are wholly attributable to equity interests in subsidiaries. Under Section 396 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

(iii) Dividends receivable are taken to the credit of the income statement in respect of listed shares when the shares are quoted ex dividend and in respect of unlisted shares when the dividend is declared.

(iv) Financial assets are classified by category, depending on the purpose for which the asset was acquired. The company's accounting policy is as follows:

a) Fair value through income: Non-derivative financial assets other than unquoted investments and trade and other receivables are classified as associates, strategic and general portfolio investments and are recognised as being fair value through income. They are valued using quoted prices and movements in value are taken to the income statement.

b) Unquoted investments. These are stated at cost net of impairment provisions because market value cannot be readily determined. Reviews for indications of impairment are carried out at least annually.

c) Trade and other receivables. The carrying amounts approximate to their fair values, the transactions giving rise to these balances arising in the normal course of trade and standard industry terms.

1. Accounting Policies (continued)

(v) The charge for taxation is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement. 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.

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 more likely than not 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.

(vi) Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities at the year-end are translated at year-end exchange rates.

2. Operating profit - Segmental Analysis

	Investment Operations		**Management Services**	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Dividends - Listed investments	**393**	313	**-**	-
Interest receivable	**-**	4	**-**	-
Rental and other income	**-**	-	**82**	54
Profits on sales of investments, including provisions	**205**	215	**-**	-
Management services fees	**-**	-	**205**	228
Operating income	**598**	532	**287**	282
Administration expenses – normal	**(329)**	(295)	**(322)**	(315)
Operating profit/(loss)	**269**	237	**(35)**	(33)

All revenues are derived from operations within the United Kingdom. Consequently no separate geographical segment information is provided.

3. Administration Expenses

		Group	
		2014	2013
		£000	£000
Normal administration expenses include:			
Depreciation		**3**	1
Auditors' remuneration	- audit services	**22**	22
	- non-audit services	**4**	3
Directors' emoluments	- Note 4	**61**	48
Staff costs	- Note 5	**338**	377

Notes to the Accounts (continued)

For the year ended 30th June 2014

4. Directors' Emoluments and Related Party Disclosures

The key management personnel are considered to be the Group Directors. Their emoluments are detailed in the Remuneration Report on pages 36 to 39.

Related Party Disclosures

London Finance & Investment Group P.L.C. ("Lonfin") and its wholly owned subsidiary, owns 43.8% of its associate Western Selection P.L.C. ("Western") of which Mr. D.C. Marshall, Mr. J. M. Robotham and Mr. E.J Beale, the chief executive of our subsidiary company (City Group P.L.C.), are Directors. Mr. D.C. Marshall and Mr. J. M. Robotham's shareholdings in Lonfin are set out in the accompanying director's report.

Lonfin and/or Western hold shares in Finsbury Food Group Plc, Creston plc and Northbridge Industrial Services Plc. Mr. D.C. Marshall is a director of Creston plc, and Northbridge Industrial Services Plc and Mr. E. J. Beale is a director of Finsbury Food Group Plc. Mr D C Marshall was a director of Finsbury Food Group Plc up until 30th June 2014.

Mr. D. C. Marshall and Mr. L. H. Marshall are Directors and Mr. E.J. Beale is the non-executive chairman of Marshall Monteagle PLC, and Mr D. C. Marshall, and Mr J. M. Robotham are shareholders in Marshall Monteagle PLC which in turn is a substantial shareholder in Halogen Holdings P.L.C. Mr. D. C. Marshall is chairman of Halogen Holdings P.L.C. and Mr L. H. Marshall and Mr. E. J. Beale are Directors of Halogen Holdings P.L.C..

Lonfin and Western own City Group P.L.C. in the ratio 51.4% and 48.6% respectively. City Group P.L.C. provides offices and company secretarial and administrative services to various companies in the United Kingdom and abroad most of which are associated with Lonfin and Western including all of the above companies.

City Group P.L.C. operates as a shared service centre and does not seek to make a profit from the provision of its standard services to these related parties. The various company secretarial, accounting, and Directors' fees received by City Group P.L.C. from those companies, their associates and subsidiaries, total £212,000 (2013 - £220,000) for the year under review. At the statement of financial position date the aggregate balance due in respect of fees invoiced was £219,000 (2013 - £66,000) and £23,000 of fees had been paid in advance (2013 - nil paid in advance). Settlement is within normal credit terms.

Other than as disclosed above no Director was interested in any contract between the Directors, the company and any other related party that subsisted during or at the end of the financial year.

5. Staff Costs

Staff costs, excluding those relating to the Directors shown in the Remuneration Report on pages 36 to 39:-

	2014	2013
	£000	£000
Salaries	**261**	300
Social security costs	**42**	45
Defined contribution pension scheme contributions	**35**	32
	338	377
The average weekly number of staff employed, excluding Group Directors, was:	**7**	7

6. Taxation

	2014	2013
	£000	£000
The tax charge for the year comprises:		
Tax on ordinary activities	**-**	-
Overprovision in prior year	**-**	(46)
Tax on overseas investment income	**22**	22
Deferred tax	**(93)**	204
Tax (credited)/charged	**(71)**	180

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

(Loss)/profit on ordinary activities before taxation	**(130)**	4,800
Taxation at 22.5% (2013 – 24.5%)	**(29)**	1,176
Effects of:		
Non taxable items – fair values and franked income	**(49)**	(1,014)
Loss carried forward	**7**	18
Tax (credited)/charged for the year	**(71)**	180

Dividends received from U.K. companies are recognised in the income statement net of their associated tax credit.

7. Total Comprehensive Income attributable to members of the holding company

		2014	2013
		£000	£000
Dealt with in the accounts of:	The holding company	**146**	488
	The subsidiary undertakings	**(189)**	4,149
		(43)	4,637

8. Earnings per share

	2014	2013
(Loss)/earnings per share are based on the loss on ordinary activities after taxation and non-controlling interests of £43,000 (2013 – profit £4,637,000) and on 31,207,479 (2013 - 31,207,479) shares being the weighted average of number of shares in issue during the year.	**(0.1)p**	14.9p
Headline earnings are required to be disclosed by the JSE. Headline earnings per share are based on the ordinary activities after taxation and non-controlling interests, before unrealised changes in the fair value of investments, of £204,000 (2013 - £210,000) and on 31,207,479 (2013 - 31,207,479) shares being the weighted average of number of shares in issue during the year.	**0.7p**	**0.7p**

Notes to the Accounts (continued)

For the year ended 30th June 2014

9. Tangible assets

	Office Equipment £000
At cost – 1st July 2013	51
Additions	39
Disposals	(37)
30th June 2014	53
Depreciation	
Balance - 1st July 2013	48
Charges for the year	3
Disposals	(37)
30th June 2014	14
Net book amount 30th June 2014	**39**
Net book amount 30th June 2013	3

These office equipment is held by a subsidiary company.

10. Investment in group companies

Operating subsidiaries, incorporated and operating in England and consolidated in these financial statements.

	Percentage of equity	**2014 £000**	2013 £000	Principal activities
Held by the Company - at cost				
City Group P.L.C.	51.4	**89**	89	Management services
Lonfin Investments Limited	100			Investment holding
- Loan to subsidiary, less provision		**5,834**	6,058	
		5,923	6,147	

The loan to the subsidiary is net of a provision of £1,681,000, because the Board considers the recoverability of the loan was been impaired by permanent loss in its value of one of the underlying value of one of the investments held by the subsidiary.

11. Investments

(a) held as non-current assets	Group **2014** £000	2013 £000
(i) Listed associated undertaking (Western Selection P.L.C.)		
Shares at cost – brought forward	**6,159**	6,159
Fair value adjustment – unrealised losses	**(1,993)**	(2,229)
Market value at 30th June	**4,166**	3,930
(ii) Other listed investments (Finsbury Food Group Plc)		
At cost, 1st July 2013, less provision	**2,283**	1,963
Addition during year	**-**	390
Disposal during year	**-**	(70)
Fair value adjustment – unrealised profit	**2,577**	3,207
Market value at 30th June	**4,860**	5,490
Total at 30th June	**9,026**	9,420

(b) Held as current assets	Company and Group **2014** £000	2013 £000
(i) Listed investments (General Portfolio)		
At cost less provision	**3,407**	3,135
Fair value adjustment – unrealised gains	**2,520**	2,466
Market value at 30th June	**5,927**	5,601

(c) Associated undertaking

Western Selection P.L.C., the associated undertaking, is traded on the ISDX Exchange and incorporated and operating in Great Britain with a financial year end of 30th June 2014.

At 30th June 2014 it had 17,949,872, ordinary shares of 40p each in issue, of which 43.8% are owned by the Company's wholly owned subsidiary, Lonfin Investments Limited.

Extracts from Western's results are:-	**2014** £000	2013 £000
Profit/(loss) after tax	**803**	**(291)**
Non current assets	**19,104**	**15,003**
Current assets	**24**	**22**
Liabilities due within one year	**(683)**	**(226)**
Net asset value per share	**102p**	**82p**
Middle market price per share on 30th June	**53p**	52p

Notes to the Accounts (continued)
For the year ended 30th June 2014

12. Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade debtors	**179**	157	**-**	6
Other debtors	**18**	37	**-**	-
Prepayments and accrued income	**48**	62	**25**	29
	245	256	**25**	35

13. Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans	**925**	650	**925**	650
Group companies	-	-		43
Corporation tax	**-**	**-**	**21**	-
Other taxes	**28**	**18**	**-**	16
Other creditors	**20**	**15**	**1**	1
Trade creditors	**44**	**1**	**-**	6
Accruals	**133**	**169**	**50**	41
	1,150	**853**	**997**	757

The Company's loan facilities are secured by a charge over certain of the Company's listed investments.

14. Deferred taxation

The Company has provided £111,000 in respect of potential taxation on unrealised investment gains (2013 - £204,000).

15. Share Capital and Reserves

	2014	**2013**
	£000	£000
	Company and Group	
Authorised equity share capital		
35,000,000 shares of 5p each	**1,750**	1,750
Allotted, issued and fully paid shares of 5p each		
31,207,479 at 1st July 2013 and 30th June 2014	**1,560**	1,560

The Group and Company's capital comprises its shareholders' equity. Our objective is to manage capital in a manner that enables the continued payment of dividends is to be achieved.

15. Share Capital and Reserves (continued)

The following describes the nature and purpose of each reserve within shareholders' equity:-

	Description and purpose
Share capital	Nominal value of issued share capital.
Share premium	Amount subscribed for share capital in excess of nominal value.
Unrealised profits and losses on investments	Cumulative unrealised gains and losses on investments.
Share of undistributed profits of subsidiaries	The Company's share of cumulative undistributed post-acquisition gains and losses of subsidiaries recognised in the income statement.
Realised profits and losses	Realised profits of the Company less realised losses and unrealised losses other than on investments.

The balances and movements on each of the above reserves are disclosed in the Consolidated Statement of Total Comprehensive Income on page 12 and the Consolidated Statement of Changes in Shareholders' Equity on page 13 and the Company's Statement of Comprehensive Income and Changes in Shareholders' Equity below.

16. Company Statement of Comprehensive Income and Changes in Shareholders' Equity

	Ordinary share capital	Share premium account	Unrealised profits and on investments	Realised profits and (losses)	Total
Year ended 30th June 2013	**£000**	**£000**	**£000**	**£000**	**£000**
Balances at 1st July 2013	1,560	2,320	553	6,211	10,644
Total comprehensive income	-	-	419	69	488
Dividends paid	-	-	-	(234)	(234)
Total transactions with shareholders	-	-	-	(234)	(234)
Balances at 30th June 2013	1,560	2,320	972	6,046	10,898
Year ended 30th June 2014					
Balances at 1st July 2013	**1,560**	**2,320**	**972**	**6,046**	**10,898**
Total comprehensive income	**-**	**-**	**148**	**(2)**	**146**
Dividends paid	-	-	-	(265)	(265)
Total transactions with shareholders	**-**	**-**	**-**	**(265)**	**(265)**
Balances at 30th June 2014	**1,560**	**2,320**	**1,120**	**5,779**	**10,779**

17. Pension Schemes

The Group makes pension contributions to the personal pension schemes of certain employees which are money purchase schemes and for which it has no responsibility for unfunded liabilities. Amounts paid are declared in Note 5.

18. Reconciliation of consolidated net cash flow to movement in net debt

	At start of year	Cash flow	**At end of year**
2013/2014	£000	£000	**£000**
Cash at bank	**116**	**(77)**	**39**
Bank loan	**(650)**	**(275)**	**(925)**
	(534)	**(352)**	**(886)**
2012/2013			
Cash at bank	2,217	(2,101)	116
Bank loan	(1,950)	1,300	(650)
	267	(801)	(534)

19. Operating leases

The Group had an operating lease commitment in respect of an office property which terminated in April 2014. Payments of £35,684 were recognised in the year.

The Group has an operating lease commitment in respect of an office property entered into in January 2014 which terminates in January 2019. Payments of £6,969 were recognised in the year and the minimum amount payable to termination is £214,000. The Company has guaranteed the obligations under this lease.

20. 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 Group 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 bi-monthly reports of the investments portfolio and cash position.

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

	2014	2013
	£000	£000
Financial assets		
At fair value through income		
Non-current investments (associated companies and strategic investments)	**9,026**	9,420
Current asset investments (general portfolio)	**5,927**	5,601
Loans and receivables		
Trade and other receivables	**245**	256
Cash at bank	**39**	116
Financial liabilities		
Trade and other payables	**203**	107
Taxation payable	**111**	204
Bank overdrafts	**925**	650

Notes to the Accounts (continued)

For the year ended 30th June 2014

20. Financial Instruments (continued)

Interest Rate Profile

The Group finances its operations through a mixture of retained profits and bank borrowings, in pounds sterling. Drawings under the facility are at a rate fluctuating with base rate.

The effective rate of interest on borrowings for the year was 3.5% (2013 – 3.5%). The sensitivity of the Group to a 1% change in interest rates would have been £7,000 in the current year (2013 – £9,000).

The Group's principal financial assets are its investment portfolios. The investment portfolios consist of equity investments, for which an interest rate profile is not relevant. Interest is not charged on trade and other receivables nor incurred on trade and other payables.

Currency Exposures

The table below shows the Group's currency exposures. Such exposures comprise the monetary assets, at fair values, that are not traded in Sterling.

	2014	2013
	£000	£000
Currency		
Euro	**1,834**	1,970
Swiss franc	**1,268**	1,260
US dollar	**829**	438
Swedish kroner	**299**	245
	4,230	3,913

The sensitivity to a 1% change in the sterling exchange rate would be to increase or decrease the fair values as set out by £42,000 in aggregate (2013 - £39,000).

Liquidity Risk – The Group's policy is that its borrowings should be flexible and available over the medium term. The bank borrowings are by way of a loan facility of £1.5 million expiring in 2017. The Group 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 our Strategic Investment holdings. The company maintains a General Portfolio of investment holdings within normal market size and which have aggregate market values in excess of the borrowings at any point in time. The policy is these have an aggregate market value of at least 167% of borrowings at any point in time.

Market Risk

The Company is exposed to market risk through the equity investments in other companies. The Company maintains a spread of investments over various sectors and monitors performance continuously as described above. The majority of the General Portfolio investments are in companies with good levels of liquidity. 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 in the Company's circumstances.

The sensitivity to each 1% decrease in the value of investments would result in the fair values of non-current asset investments decreasing by £90,000 (2013 - £94,000) and a corresponding increase in the unrealised profits reserve. A 1% increase, would, on the same basis, increase fair values and decrease the unrealised profits reserve. The same percentage increase/decrease in the current asset investments would increase/decrease carrying values by £59,000 (2013 - £56,000) and unrealised profits reserve (or earnings where a decline was below cost) by an equal amount.

20. Financial Instruments (continued)

Fair Value

Investments within the general and strategic portfolios are carried at fair values determined by the prices available from the markets on which the instruments involved are traded. Unlisted investments are stated at cost net of impairment provisions because fair value cannot be readily determined. Movements in fair value net of impairment provisions are taken through the income statement.

The fair value of short term deposits, overdrafts and trade and other receivables and payables approximates to the carrying amount because of the short maturity of these instruments.

Credit risk

No concentration of credit risk exists in the Company’s principal financial assets, and credit risk is minimised as the counter-parties are institutions with high credit ratings. There has been no impairment of trade and other debtors during the year, there are no provisions against these assets and none are past their due date.

21. International Financial Reporting Standards

As indicated in note 1, at the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1 January 2014.

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2014, have had a material effect on the financial statements. None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2014 and which have not been adopted early, are expected to have a material effect on the company's future financial statements.

Directors' Report

The Directors present their Report for the year ended 30th June 2014.

Results, Future Developments, Dividends, & Financial Instruments

A review of the Group's operations and performance during the financial year, setting out the position at the year-end, significant changes in the year, an indication of the outlook for the future, proposed dividends and the Group's policy in relation to financial instruments is contained in the Strategic report on pages 4 to 9.

Directors

A list of the Directors of the Company is shown on page 2. The interests in the Company's shares of the Directors who have held office in the period from 1 July 2013 were as follows:

	30th June 2014 Shares	30th June 2013 Shares
D.C. Marshall *	**12,890,693**	12,890,693
F.W.A. Lucas †	**162,500**	162,500
J.M. Robotham *	**12,890,693**	11,407,474
J.H. Maxwell	**65,000**	65,000
L. H. Marshall	**-**	-

* These holdings arise as the individuals concerned are trustees and/or directors of entities that hold shares in the Company. The interest of Mr. Robotham overlaps with the interest of Mr. D.C. Marshall. At 30th June 2014, Mr Robotham had a beneficial interest in 30,000 (2013 – 30,000) of these shares, and Mr Marshall had no beneficial interest in these shares (2013 – nil).

† Of this figure Dr. Lucas owns 80,000 shares personally and 82,500 shares are owned by Loeb Aron & Company Ltd, of which Dr. Lucas is a director and shareholder.

There have been no changes in Directors' share interests between 1st July 2014 and the date of this report.

The appointment or removal of Directors is determined by shareholders at a General Meeting. Between General Meetings the Board may appoint additional Directors who are required to stand for election at the next General Meeting. In addition the Company's Articles of Association require one third of Directors to stand for re-election every year, and accordingly Dr F W A Lucas retires by rotation and, being eligible, offers himself for re-election at the Annual General Meeting.

Substantial Interests

In addition to the Directors' shareholdings shown above, the Company has been notified under Section 808 of the Companies Act 2006 of the following interests in 3% or more of its shares:

	Shareholding	% interest
W.T. Lamb Holdings Limited	4,600,000	14.7
Philip J. Milton & Company PLC	2,171,539	6.96

Auditors

A resolution to re-appoint SRG LLP as Auditors will be proposed at the Annual General Meeting.

Each Director has taken all the steps that they ought to have taken as a director including making appropriate enquiries of fellow directors to make themselves aware of any information needed by the Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

Going Concern

The Directors have reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. For this reason they adopt the going concern basis for preparing the financial statements.

Corporate governance

The company's statement on corporate governance can be found in the corporate governance report on pages 32 to 34.

Annual General Meeting

The full wording of the resolutions to be tabled at the forthcoming Annual General Meeting is set out in the notice of the meeting on pages 44 to 46.

Special Business to be transacted at the Annual General Meeting

In addition to the ordinary business to be transacted at the Annual General Meeting of the Company referred to in resolutions 2 to 8 of the Notice of Meeting, the Directors propose certain special business as set out in Resolutions 1, 9, 10 and 11 for the purposes summarised below. Further information is also provided in respect of Resolution 5.

Resolution 1- Amendment to the Articles of Association – Special Resolution

This resolution is proposed to be passed as a special resolution to update the Articles so as to reflect changes in recent amendments to the Listing Rules published by the Financial Conduct Authority.

The Listing Rules require all premium listed companies with a controlling shareholder (that is, a shareholder who, with its concert parties, controls 30% or more of the voting rights attached to the company's shares) to implement a procedure whereby the election or re-election of any independent director must be approved by: (a) all shareholders of the listed company; and (b) the independent shareholders of the listed company (that is any person entitled to vote on the election of directors of the company that is not a controlling shareholder). If these votes conflict and the company still wishes to elect or re-elect that director, the company may propose a further single vote on a simple majority basis, such resolution must be passed not less than 90 days after the first resolution but no later than 120 days thereafter.

Resolution 5 – re-election of director

This resolution is proposed as an ordinary resolution to re-elect Frank Lucas, who retires by rotation, as a director of the Company. The Articles of Association provide that at every annual general meeting one-third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation. Dr Lucas is an independent director and therefore provided shareholders pass Resolution 1, his re-election will be subject to the dual voting procedure set out in the new Article 104.

Frank Lucas was appointed to the Board in 1999 and the Board considers Dr Lucas to continue to be independent. In reaching this decision, the Board has taken into account the length of time that Dr Lucas has been a director and also the fact that he is a director of Loeb Aron & Company Limited which advises the Company from time to time and also acts as an adviser to Western Selection Limited. The Board does not consider that these circumstances affect Dr Lucas's ability to act independently in character or judgement.

Resolution 9 – Directors' fees

This resolution will increase the annual aggregate limit of directors' fees specified in the Company's Articles of Association to £350,000.

Directors' Report (continued)

Resolution 10 - Authority to allot shares - Ordinary resolution

A resolution will be proposed, as an ordinary resolution, at the forthcoming Annual General Meeting, to renew the Directors authority to allot shares up to the level of the authorised share capital. If passed, this resolution will grant the Directors power to allot authorised but unissued capital for a maximum period of 15 months.

Resolution 11 - Pre-emption rights - Special resolution

Section 570 of the Companies Act 2006 requires that, when Directors propose to allot shares for cash, they must first offer such shares to existing shareholders in proportion to their existing shareholdings, unless powers have previously been given to the Directors under section 563 of the Act to disapply these provisions. The Directors consider it desirable for shareholders to approve a limited disapplication until the next Annual General Meeting, in order to permit the allotment of shares for cash in limited circumstances to persons other than shareholders. This limited disapplication will be in respect of 1,560,000 shares equal to 5% of the issued share capital of the Company.

The Directors have no present intention of issuing any part of the unissued share capital and no issue will be made which would effectively alter the control of the Company without the approval of the shareholders in general meeting.

Relationship Agreement

In compliance with changes to the Listing Rules that came into effect in May 2014, the Company has entered into a Relationship Agreement with Mr D.C. Marshall, the Company's Chairman, in his capacity as a Trustee of a Controlling Shareholder of the Company as defined by the Listing Rules. The Company has complied with the independence provisions contained in the Relationship Agreement and so far as the Company is aware, the Controlling Shareholder has complied with those provisions and also the procurement obligation contained in the Relationship Agreement.

Directors' and Officers' Liability Insurance

During the year, the Company has maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy.

Greenhouse Gas Emissions

This is the first year that the Group has been required to report on its greenhouse gas emissions. The Group had no Scope 1 emissions. This report is made in respect of Scope 2 emissions. During the year ended 30th June 2014, the Group purchased electricity equating to a carbon dioxide equivalent of 10 tonnes (1 tCO_2e/employee).

Corporate Governance

Corporate Governance is the process by which companies are controlled and directed to achieve the objectives of the organisation. Key to achievement of objectives is having clarity about the objective and the right people in place. Processes and structures are of secondary importance as, without a focus on outcomes and without the right people, it is only by chance that objectives will be met.

The UK Listing Authority requires UK premium listed companies to comply with the UK Corporate Governance Code 2012 (the Code), which focuses on processes and structures, and which is deemed to constitute best practice in Corporate Governance for most companies. Directors are required to report to shareholders on how the Company applies the principles, and confirm that the Company complies with the Code's provisions, or explain why it does not. A copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk

The JSE requires that companies report on their compliance with Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance. The Board has reviewed the matter and recorded that in so far as those matters contained in the King report are of concern to the Company, in complying with Code, it is satisfied that the Group complies with the requirements of the King Report.

Composition of the Board

The Board comprises the Chairman, David Marshall, Senior Independent Non-executive director, John Maxwell, Michael Robotham, Frank Lucas and Lloyd Marshall. John Maxwell and Frank Lucas are considered by the Board to be independent. Brief biographies of all Directors are set out on page 2 of the accounts.

Responsibility for the process of appointment of Directors rests with the Board acting on the recommendations of the Nomination Committee. The removal of Directors is a Board decision. The Board reviews the need for succession planning on a regular basis.

The Company's Articles of Association require that all new Directors seek election to the Board at the next Annual General Meeting after their appointment. In addition, at every annual general meeting one-third of the Directors are subject to retirement by rotation provided that the number of Directors retiring shall not exceed one-third. As a long term investment company it is appropriate for Directors to serve on the board for more than a single term, subject to continuing satisfactory performance. Given the small size of the Board, this results in infrequent changes to the composition of the Board. At this year's Annual General Meeting a special resolution is being proposed to amend the Company's Articles of Association in order to reflect changes in the Listing Rules that affect the manner in which independent directors are elected or re-elected. Further details of this change are set out on page 29.

Workings of the Board

The Board is collectively responsible to shareholders for the success of the Group. Entrepreneurial leadership is provided by capitalising on the skills and experience of the investment committee allied to the strategic vision and expertise of other Board members.

The Board has three committees, the Investment Committee comprising David Marshall, Lloyd Marshall and Michael Robotham, the Nomination Committee comprising Michael Robotham, John Maxwell and Frank Lucas, and the Audit Committee comprising Frank Lucas and John Maxwell. All matters not specifically delegated to a Committee are reserved for the Board. There is no Remuneration Committee as there are no executive Directors. The aggregate remuneration of Directors is limited by the Company's Articles of Association and this aggregate amount can only be changed by the Company in General Meeting. A resolution to amend this aggregate amount is being proposed at the forthcoming Annual General Meeting. The current rates of remuneration are set out in detail in the Remuneration Report. The remuneration of the executive director and employees of the Company's subsidiary, City Group P.L.C., is determined by the board of City Group, which includes David Marshall, Lloyd Marshall and Michael Robotham.

Directors' Report (continued)

Committee meetings are held independently of Board meetings and invitations to attend are extended by the committee chairman to other Directors and the group's advisers as appropriate.

As an investment company, there is no Chief Executive. The Chairman is responsible for the effective performance of the Board through control of the Board's agenda and running of its meetings. The Chairman organises opportunities for Directors to spend time with each other on an informal basis to improve communication and relations between Directors.

A representative of City Group P.L.C., the Company Secretary, attends all Board meetings to record proceedings and is available at any time to advise on any corporate governance issues that arise. The Company Secretary is also responsible to the Chairman for the efficient organisation of Board and Committee meetings including circulation of papers in advance of meetings. Management reports including cash movements, portfolio movements and valuations are regularly circulated to all Directors for review.

The Board met on six occasions during the year following a formal agenda. It met two further times by telephone for ad-hoc reasons (sale of investment property). Attendance at board meetings during the year is shown in the following table:

	Board (scheduled)	Audit Committee
No. of meetings in year	6	1
D.C. Marshall	6	-
F.W.A. Lucas	6	1
L.H. Marshall	5	-
J.H. Maxwell	5	1
J.M. Robotham	6	-

The Nomination Committee did not meet during the year as there was no requirement for it to meet.

The Group's strategic aim is to generate growth in shareholder value in real terms over the long term through a mix of investments and utilising a prudent level of bank borrowing. The investment mix and level of gearing are reviewed at each Board meeting. All major investment decisions are taken by the Board. The Investment Committee has delegated authority within certain limits for the management of the General Portfolio between Board meetings.

The Board, through review of the management reports, scrutinises the performance of the company against the objective of real growth in shareholder value over the long term.

New Directors receive an induction programme and all Directors are encouraged to maintain personal continuing professional education programmes.

The Board evaluates its own performance and that of its committees and individual Directors.

Audit Committee
The Board, through its audit committee, annually reviews all material internal controls, including financial, operational and compliance controls, and risk management systems. As a result of this review, procedures are adopted which mitigate those risks which have not been specifically accepted under the Group's investment policy. The responsibility on a day to day basis for maintaining a sound system of internal controls rests with the Directors of City Group P.L.C. which provides day to day administration and accounting services to the Group.

There is a well-established system of internal controls set within a framework of clearly defined structures and accountabilities with well understood policies and procedures; supported by training, budgeting, reporting and review procedures. Board decisions are implemented on a day to day basis by the subsidiary company, City Group P.L.C. The framework for internal financial control established in that company has been reviewed by the Board and is regarded as effective. The reporting and review procedures provide assurance to the Board as to the adequacy and effectiveness of internal controls. The Board recognise that it is not possible to divide some functions as would be the case in larger organisations and accepts that close supervision is necessary. The Directors have considered the need for an internal audit function and do not believe that one is appropriate because monitoring processes are applied to give reasonable assurance to the Board that the systems of internal control are functioning as intended.

An annual self-assessment of risk is performed which identifies the areas in which the Group is most exposed to risk, considers the financial implications and assesses the adequacy and effectiveness of their control. The Board has discussed the results of this review and the Directors can therefore confirm that they have reviewed the effectiveness of the company's system of internal control.

The Board maintains an appropriate relationship with the Company's auditors through the audit committee. The auditors do not provide any non-audit services other than payroll processing and limited advice on taxation matters (see note 3, page 18).

Nomination Committee
The Board has formed a Nomination Committee which has been charged with nominating suitable candidates for the Board to consider recommending to the shareholders for appointment as Directors of the Company. Changes to the composition of the Board are not anticipated to occur on a frequent basis. Whenever a change is anticipated, a job description for the role will be agreed by the Nomination Committee, taking into account the expertise available to the Group from the other members of the Board and the need to acquire any specific capabilities. The Nomination Committee will then undertake whatever process is most appropriate for the identification of suitable candidates and their assessment, taking into account any other commitments candidates might have. Appointments will be made on merit against objective criteria.

Shareholder Communications
The Board strives to present a balanced and understandable assessment of the Company's position and prospects in all interim and other price-sensitive public reports and in reports to regulators as well as in the information required to be presented by statutory requirements. The Chairman welcomes comments on the quality of reports and any areas for improvement.

Shareholder communication centres primarily on the publication of annual and interim accounts and occasional press releases and trading updates. The Chairman is available for discussions with shareholders throughout the year and particularly at the time of results announcements. Mr J. H. Maxwell, the senior independent non-executive director is also always available should a shareholder wish to draw any matters to his attention.

The Annual General Meeting provides a forum for discussion by Shareholders with the Board. Shareholders are encouraged to attend the AGM and to participate in proceedings by asking questions during the formal part of the meeting, voting on the resolutions put to the meeting and providing Board members with their views in informal discussions after the meeting.

Statement of Directors' Responsibilities in Respect of the Accounts

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- prepare financial statements in accordance with IFRSs as adopted by the European Union , subject to any material departures disclosed and explained in the financial statements;
- 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.

Each of the Directors whose names and functions are listed on page 2 confirms that to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principle risks and uncertainties that they face.
- Considers that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By Order of the Board

29th September 2014

CITY GROUP P.L.C.
Company Secretary

Directors’ Remuneration Report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations and also meets the relevant requirements of the UK Listing Authority Listing Rules. A resolution to approve [he report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved. A separate resolution will be proposed at the Annual General Meeting of the Company to approve the Company’s remuneration policy.

All members of the Board in attendance at the Annual General Meeting will be available to answer shareholders’ questions about Directors’ remuneration.

Remuneration Committee

The Company has no Remuneration Committee because, given the size of the Group, it is not considered appropriate to form a separate remuneration committee of the Board. The remuneration payable to the executive director and employees of the Company's subsidiary, City Group P.L.C., is considered by the board of City Group, which includes Mr. D.C. Marshall, Mr L. H. Marshall and Mr. J.M. Robotham.

Unaudited Information

Directors’ Remuneration Policy

The Company’s Remuneration Policy is to pay fixed fees to directors. There is no variable element of pay for directors and directors are not eligible to receive awards under the Group’s Approved Share Option Scheme or Unapproved Employee Benefit Scheme. No benefits are provided for Group directors. The Company has no remuneration committee and the level of fees is set by the Board subject to the Company’s Articles of Association. Since 2000 the remuneration of directors has been fixed at £7,500p.a. for non-executive directors and the remuneration of the Chairman was £15,000p.a. until 2010 when it was reduced to £10,000p.a.. Directors’ remuneration has been reviewed during the year and increased with effect from 1 January 2014 to £12,000 p.a. for non-executive directors and £18,000 p.a. for the Chairman.

Approved Share Option Scheme

This scheme was created to incentivise full time employees and directors of the Company’s subsidiary City Group. Awards will be made to directors and employees of City Group to recognise outstanding efforts or achievements, or otherwise to attract, motivate or retain staff. There are no outstanding awards under this scheme. Options may not be granted more than ten years from 29 September 2006, the date that the scheme was adopted by the Company.

Unapproved Employee Benefit Scheme

This scheme was created to incentivise full time employees and directors of the Company’s subsidiary City Group. Awards will be made to directors and employees of City Group to recognise outstanding efforts or achievements, or otherwise to attract, motivate or retain staff. There are no outstanding awards under this scheme.

Loss of Office

No payments will be made to directors for loss of office.

Future Policy Table

Directors receive a fixed annual fee	The maximum fee will be set by the Board from time to time and increases will not be higher than inflation unless this can be justified by the performance of the company or additional responsibilities taken on.	Fees are set to attract, motivate and retain talented individuals.

The Group’s policy for increases in fees to directors is similar to the policy for increases in salary to employees.

Remuneration on Recruitment
It is anticipated that new non-executive directors will be remunerated on a similar basis as existing directors and no additional payments will be made.

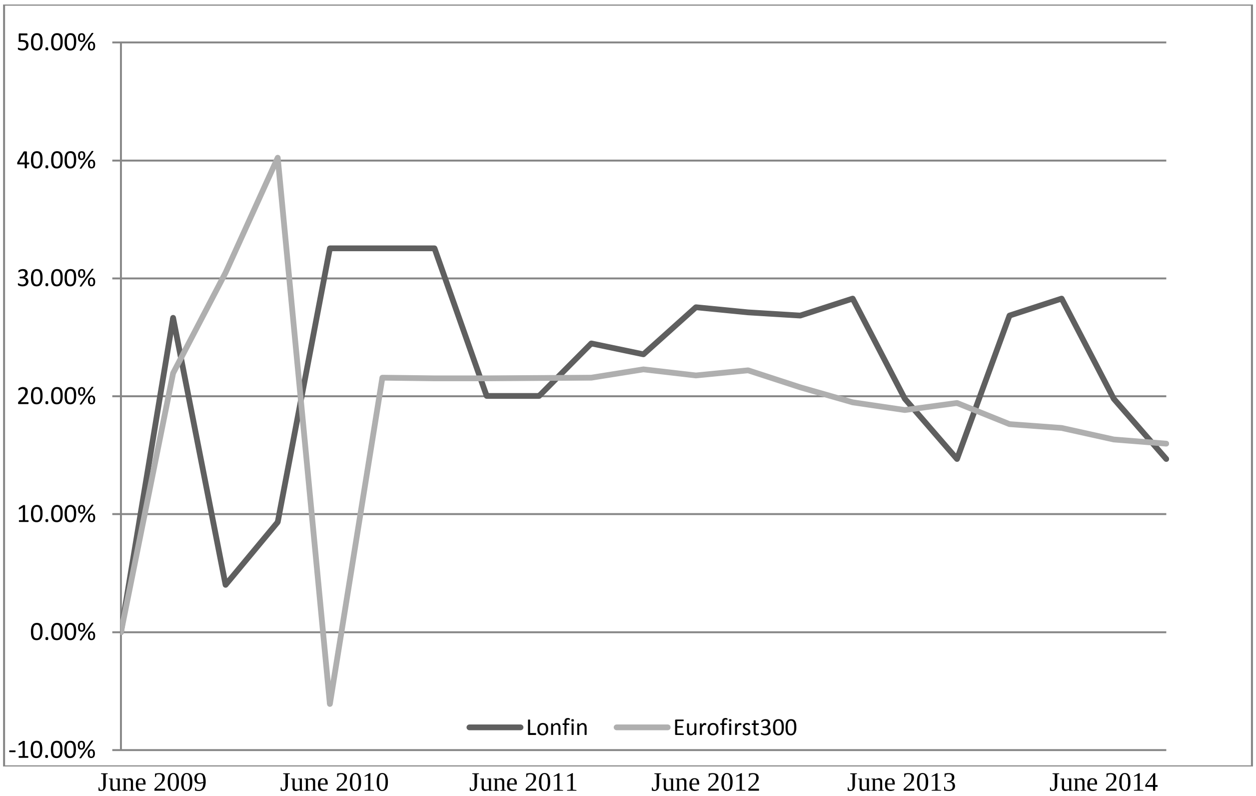
Should a new executive director be recruited their remuneration package will be designed to attract high quality individuals and will be commensurate with those available in the market at the time of recruitment for persons with similar experience and any equity incentives granted will be subject to shareholder approval. The remuneration package could include fixed and variable bonuses, pension contributions, medical health and death in service insurance, travel and other allowances as well as a salary.

Service Contracts

None of the Directors has a service contract with the Company.

Performance Graph

Lonfin Total Shareholder Return v FTSE Eurofirst 300 Index



The above graph shows London Finance & Investment Group P.L.C.'s Total Shareholder Return (TSR) performance compared to the TSR of the FTSE Eurofirst 300 index over the past five years. The Company's main activity is that of an investment company and the Board believes that because the portfolio concentrates on FTSE 100 companies, or European equivalents, that this index is best suited as the comparator index. The Company is not a part of the FTSE Eurofirst 300 Index, being a member of the FTSE Fledgling index which is not deemed an appropriate comparator as it contains many small companies of varying nature.

TSR is defined as the percentage change over the period in market price assuming the reinvestment of income and funding of liabilities of the theoretical holding. TSR has been calculated on a one-month averaging basis in order to reduce the volatility associated with spot prices.

As the Company has no Chief Executive Officer the table below shows the remuneration of the Chairman for the 5 years to 30th June 2014 by way of comparison with the total return to shareholders illustrated in the graph above.

The Chairman's remuneration is fixed and he receives no variable element or equity incentive.

	Total remuneration
Years ending 30 June:	£'000
2010	10
2011	10
2012	10
2013	10
2014	**14**

The table below compares the total remuneration paid to the Group's directors and employees to the distributions paid to shareholders by way of dividends in the last two years.

	Dividends paid	Total staff remuneration
	£'000	£'000
2013	234	424
2014	**265**	**408**

Directors' Remuneration Report (continued)

Audited Information

Directors' Remuneration
The Directors' remuneration is by way of Directors' fees only and during the year comprised:

	2014 Total £		2013 Total £
Non-executive Chairman			
Mr D.C. Marshall	**14,000**	*	10,000
Non-executive Directors			
Mr. J.H. Maxwell	**9,750**		7,500
Dr. F.W.A. Lucas	**9,750**	†	7,500
Mr. L.H. Marshall	**9,750**	♦	7,500
Mr. J.M. Robotham	**17,250**	♣	15,000
	60,500		47,500

* Mr. D.C. Marshall ceded his fees to a company which supplies his services and in which none of the Directors, including Mr Marshall are beneficially interested. The Chairman received no other payment or benefits from the Company.

♦ Mr. L.H. Marshall ceded his fees of £9,750 (2013 - £7,500) to his primary employer.

† Dr Lucas ceded his fees of £9,750 (2013 - £7,500) to his primary employer.

♣ Of this sum, £7,500 (2013 - £7,500) relates to Mr. Robotham's fees paid by the Company's subsidiary, City Group P.L.C. and the balance is in respect of fees received from the Company.

The Company does not make bonus payments to any director.

Directors' interests in the Company's shares
The interests of directors in the shares of the Company are shown in the Directors' Report on page 29.

Share options
None of the Directors have any options over shares of the Company.

Long term incentives
The Company will consider these in the light of changing legislation, but has no plans to adopt long-term incentives, other than the Approved Share Option Scheme and Unapproved Employee Benefit Scheme or to extend these schemes to cover Group directors.

Pensions
There are no Company contributions payable to the executive or non-executive Directors in respect of pensions.

On behalf of the Board

David Marshall
Chairman

29th September 2014

Report of the Independent Auditors

TO THE MEMBERS OF LONDON FINANCE & INVESTMENT GROUP PLC

We have audited the group and parent company financial statements of London Finance & Investment Group P.L.C. for the year ended 30th June 2014 which comprise the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flow and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495, 496 and 497 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30th June 2014 and of the group's and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

We have identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- the valuation of the Group's investments.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluation the effect of identified misstatements, if any, on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our audit opinion in the Auditors' Report.

When establishing our overall audit strategy, we determined materiality for the group to be £15,000 which is 2% of total operating income. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessment, together with our assessment of the group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the group should be 50% of materiality, namely £7,500. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

We have agreed to report to the Audit Committee all audit differences in excess of £7,500, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our response to the risk identified above was as follows:
- we agreed 100% of year end prices for quoted investments to an independent source.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:
- the Directors' statement, set out on page 30, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

John Park (Senior Statutory Auditor)
For and on behalf of SRG LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

29 September 2014

Summary of Results

For the five years ended 30th June 2014

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Consolidated Statement of financial position					
Issued share capital	**1,560**	1,560	1,560	1,560	1,560
Share premium and other reserves	**6,611**	6,652	2,084	3,530	890
Company's retained realised profits	**5,779**	6,046	6,211	5,825	6,004
Shareholders' funds (all equity)	**13,950**	14,258	9,855	10,915	8,454
Non-controlling interests	**65**	81	98	92	84
	14,015	14,339	9,953	11,007	8,538
Disposition of Capital					
Long Leasehold Property	**-**	-	-	2,093	1,575
Other Non-current Assets (Strategic Investments)	**9,065**	9,423	5,098	5,933	4,667
	9,065	9,423	5,098	8,026	6,242
Current assets					
Listed investments (General portfolio)	**5,927**	5,601	4,533	4,668	4,225
Other current assets	**245**	256	272	260	294
Cash and deposits	**39**	116	2,217	21	17
	6,211	5,973	7,022	4,949	4,536
Liabilities and deferred tax	**(1,261)**	(1,057)	(2,167)	(1,968)	(2,240)
	14,015	14,339	9,953	11,007	8,538
Net assets per share	**44.7**	45.7p	31.6p	35.0p	27.1p
Dividend per share	**0.9p**	0.8p	0.7p	0.6p	0.6p

Notice of Annual General Meeting

NOTICE is hereby given that the ANNUAL GENERAL MEETING of London Finance & Investment Group P.L.C. (the "Company") will be held at the offices of City Group P.L.C., 6 Middle Street, London, EC1A 7JA on Tuesday 2nd December 2014 at 10.00a.m. for the following purposes:-

1. **Special resolution – amendment of articles of association of the Company**
   THAT the articles of association ("**Articles**") of the Company be amended with immediate effect, as follows:
   (a) by inserting the following definitions (in the appropriate places in article 1.1 of the Articles):
   ""Controlling Shareholder" has the same meaning as that given to it in Rule 6.1.2AR of the Listing Rules;
   "Independent Shareholder" any person entitled to vote on the election of a Director who is not a Controlling Shareholder;
   "Listing Rules" the Listing Rules issued by the Financial Conduct Authority, as amended from time to time;"
   (b) by deleting the word "*Services*" in the definition of "*UK Listing Authority*" in article 1.1 of the Articles and replacing it with "*Conduct*";
   (c) by deleting all references to "*Alternative Investment Market*" throughout the Articles and replacing such references with "*AIM*";
   (d) by deleting the present article 102 of the Articles in its entirety and by adopting new article 102, namely:

   "102 __Retiring Director to remain in office until successor appointed__
   Subject to these Articles (and, in particular, Article 104), the Company at the meeting at which a Director retires by rotation may fill the vacated office and in default, the retiring Director shall, if willing to act and, provided the requisite approval is obtained pursuant to Article 104, be re-appointed, unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the Director is put to the meeting and lost."

   (e) by deleting the present article 104 of the Articles in its entirety and by adopting new article 104, namely:
   "104 __Power of the Company to appoint Directors__
   104.1 Subject to these Articles, the Company may by:

   (a) ordinary resolution;
   (b) subject to the approval, by a simple majority, of the Independent Shareholders,

   appoint any person who is willing to act to be a Director, either to fill a vacancy on or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with these Articles.

   104.2 If the requisite approval to appoint or re-appoint a person to be Director, is not obtained pursuant to Article 104.1, the Company may, by ordinary resolution, appoint such person to be a Director provided that such ordinary resolution is voted on by the Company no earlier than 90 days from the date on which the resolution in Article 104.1 was voted upon but no later than 120 days from such date."

   (f) by inserting the following words in article 106 of the Articles after the words "*if willing to act*" and before the words "*be re-appointed*":

   "*and provided the requisite approval is obtained pursuant to Article 104*"

   (g) by deleting the words "*by ordinary resolution*" in article 107 of the Articles and inserting the following words after the words "*subject to these Articles*" and before the words "*appoint another person who is willing to act to be a Director in his place.":*

   "*(and in particular, Article 104),*"

2. To receive the Strategic Report, Directors' Report and Accounts for the year ended 30th June 2014.

3. To approve the Directors' Remuneration Report (excluding that part containing the Directors' Remuneration Policy) for the year ended 30th June 2014.

4. To approve the Directors' Remuneration Policy set out on pages 36 to 38 of the Directors' Remuneration Report contained within the annual report of the Company for the year ended 30th June 2014.

5. To re-appoint Dr F W A Lucas as a director of the Company.

6. To declare a final dividend of 0.45p per share payable on 12th December 2014.

7. To re-appoint SRG LLP as auditors until the conclusion of the next Annual General Meeting of the Company.

8. To authorise the Directors to determine the auditor's remuneration.

Special Business

To consider and, if thought fit, pass the following Resolution which will be proposed as an Ordinary Resolution:

9. That the limit on the aggregate of fees paid to Directors specified in Article 88 of the Company's shall not exceed £250,000 per annum.

To consider and, if thought fit, pass the following Resolution which will be proposed as an Ordinary Resolution:-

10. That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Companies Act 2006 ("the Act")) up to a maximum nominal amount of £189,626 (being 3,792,521 shares) to such persons at such times and on such terms as they think proper during the period expiring at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution; and that the Company be and is hereby authorised to make prior to the expiry of such period referred above any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and that the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution.

To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

11. That

(a) in accordance with Section 570 of the Companies Act 2006 the Directors be and are hereby given power to allot shares pursuant to the authority conferred by the Ordinary Resolution numbered 10 passed at the Annual General Meeting held on 2nd December 2014, as and when the same becomes effective as if Section 563 of the Companies Act 2006 did not apply to any such allotment, provided that:

(i) the power hereby conferred shall be limited;

(aa) to the allotment of shares in the Company in connection with or pursuant to an offer by way of rights, bonus issues or other similar issues to the holders of Shares of 5p each in the capital of the Company and other persons entitled to participate therein in proportion (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the numbers of such shares which such other persons are for those purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with (i) fractional entitlements or legal or practical problems under the laws or the requirements of any recognised regulatory body in any territory (ii) underwriting of such an issue and (iii) applications by shareholders for equity instruments offered to other shareholders as part of such an issue, but not taken up by other shareholders; and (ab) to the allotment (otherwise than pursuant to sub-paragraph (i) (aa) of this proviso) of shares in the Company up to an aggregate nominal amount of £78,000 (1,560,000 shares) representing 5 per cent. of the issued share capital;

(ii) the power hereby granted shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution;

(b) the said power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require shares in the Company to be allotted after such expiry and the Directors may allot shares in the Company in pursuance of such offer or agreement as if the said power had not expired

(c) words and expressions defined in or for the purposes of Part 17 of the Companies Act 2006 shall bear the same meaning herein"

By Order of the Board,

6 Middle Street
London EC1A 7JA

CITY GROUP P.L.C.
Company Secretary

29th September 2014

Notes

1. A form of proxy is enclosed.
2. A proxy need not be a member of the company.
3. To be valid the form of proxy should be completed and returned so as to reach the Company Secretary, City Group P.L.C. at 6 Middle Street, London, EC1A 7JA, U.K., for those shareholders on the U.K. branch of the register, or Computershare Investor Services (Pty) Limited, for those shareholders of the South African branch of the register, not later than 10.00 a.m. on 28th November 2014. Completion of a form of proxy does not preclude a member from subsequently attending and voting in person.
4. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The right to appoint a proxy does not apply to any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person").
5. Any member or his/her proxy attending the Meeting has the right to ask any question at the Meeting relating to the business of the Meeting.
6. Pursuant to section 360B of the Companies Act 2006 and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only shareholders registered in the register of members of the Company as at. 10.00 a.m. on 28th November 2014 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered in the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 48 hours before the time of any adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. Copies of the service contracts, or, where applicable, letters of appointment between the Directors and the Company or its subsidiary undertakings are available for inspection at the registered office of the Company, 6 Middle Street, London, EC1A 7JA during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the Meeting.
9. As at 29th September 2014 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 31,207,479 ordinary shares, carrying one vote each. The total voting rights in the Company as at 29th September 2014 are 31,207,479.

10. The information required to be published by section 311(A) of the Act (information about the contents of this Notice and numbers of shares in the Company and voting rights exercisable at the Meeting and details of any members' statements, members' resolutions and members' items of business received after the date of this Notice) may be found at www.city-group.com/clients1.php?cid=4
11. Members representing 5% or more of the total voting rights of all the members or at least 100 persons (being either members who have a right to vote at the Meeting and hold shares on which there has been paid up an average sum, per member, of £100, or persons satisfying the requirements set out in section 153(2) of the Act) may require the Company, under section 527 of the Act to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.
12. A Nominated Person may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. A Nominated Person is advised to contact the shareholder who nominated him/her for further information on this and the procedure for appointing any such proxy.
13. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such Nominated Person is advised to contact the shareholders who nominated him/her for further information on this.

Change of Address Members are requested to advise the United Kingdom Registrars, Capita Asset Services, or the South African Registrars, Computershare Investor Services (Pty.) Limited of any change of address.

London Finance & Investment Group P.L.C. ___________________

Form of Proxy

I / We, ...

. . . .

. . . .

being (a) member(s) of the above-named company hereby appoint the chairman of the meeting, failing whom

. . . .

as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on 2nd December 2014 and at any adjournment thereof.

1/We hereby authorise and instruct my/our proxy to vote (or abstain from voting) as indicated below on the resolutions to be proposed at such meeting. Unless otherwise directed the proxy will vote or abstain from voting as he thinks fit.

RESOLUTIONS	For	Against	Witheld
1. To approve the amendment of articles of association of the Company.			
2. To receive the reports and accounts.			
3. To approve the Remuneration Report			
4. To approve the Directors' Remuneration Policy			
5. To re-elect Dr F W A Lucas as a director.			
6. To declare a final dividend.			
7. To re-appoint the auditors.			
8. To authorise the Directors to fix the auditor's remuneration.			
9. To approve the aggregate fees paid to Directors			
10. To authorise the Directors to allot securities.			
11. To authorise the Directors to allot securities (subject to limitation) as if pre-emption rights did not apply.			

Dated . . . . 2014 Signature . . . .

Notes

1. A proxy need not be a member of the Company. You may appoint as your proxy persons of your own choice by inserting their names in the space provided. If no name is inserted in the space provided, the Chairman will be deemed appointed as the proxy. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the space provided next to the proxy's name the number of shares in relation to which he or she is authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
2. To appoint more than one proxy, you may photocopy this form. All forms must be signed and should be returned together in the same envelope.
3. Please indicate with a cross in the appropriate box how you wish your votes to be cast. If you do not make a specific direction, the proxy will vote (or abstain from voting) at his or her discretion. On any other business which properly comes before the Meeting (including any motion to amend any resolution or to adjourn the Meeting) the proxy will vote or abstain at his or her discretion.
4. To be valid, this form of proxy and the power of attorney or other authority (if any**)** at the offices of the Company Secretary, City Group P.L.C., 6, Middle Street, London, EC1A 7JA, U.K., or the South African registrars, Computershare Investor Services (Pty.) Limited, P.O. Box 61051, Marshalltown 2107) South Africa not later than 10.00am on 28th November 2014 or by sending by fax: number + 011 688 5238.
5. Completion and return of this form of proxy will not prevent a member from attending and voting at the Meeting.
6. In the case of a corporate shareholder, this form of proxy should either be executed by the company under seal or under the hand of two authorised signatories or a director in the presence of a witness (whose name, address and occupation should be stated).
7. In the case of joint holders, the vote of the first-named in the register of members of the Company will be accepted to the exclusion of that of other joint holders.