

Registered number
01235394

LR (Cardiff) Limited

Annual report and financial statements

for the year ended
30 September 2014

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LR (Cardiff) Limited**Annual report and financial statements for the year ended 30 September 2014****Contents**

	Page
Company information	1
Strategic report	2
Director's report	3
Statement of director's responsibilities	4
Independent auditors' report	5-6
Profit and loss account	7
Statement of total recognised gains and losses	8
Note of historical cost profits and losses	8
Balance sheet	9
Notes to the financial statements	10-14

LR (Cardiff) Limited
Company information for the year ended 30 September 2014

Director
Mr L K Sebastian

Company secretary
Mr R N Luck

Registered office
Quadrant House, Floor 6
4 Thomas More Square
London
E1W 1YW

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Registered number
01235394

LR (Cardiff) Limited
Strategic report for the year ended 30 September 2014

The director presents his strategic report for the year ended 30 September 2014.

Review of the business

The company sold its sole investment property on 1 July 2014. It made a loss of £138k for the year ended 30 September 2014 (2013: profit of £68k). Net assets were £4.1m at the year end (2013: £4.2m).

A long term inter-company loan from fellow group undertaking London & Regional Portfolio Finance Limited ("LRPF") matured in October 2013. LRPF itself has loans from a further group undertaking, London & Regional Debt Securitisation No. 2 plc ("LORDS 2") and another party, that also matured in October 2013. Effective 20 December 2013, agreement was reached with all parties that all these loans be extended to October 2014 with further extensions to October 2016 permitted subject to certain amortisation targets being achieved for the inter-company loan from LORDS 2 to LRPF.

As part of this restructuring, the amount of the inter-company loan from LRPF was decreased, as was the effective interest rate. See note 11 for further detail.

Furthermore, following the sale of the company's investment property in the year, the company repaid £2.4m of the outstanding inter-company loan on 15 July 2014.

The director considers the financial position at 30 September 2014 to be satisfactory

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. The directors of the group have reviewed the group's exposure to credit risk, liquidity risk and cash flow risk. These risks and uncertainties are discussed in the company's ultimate parent's group strategic report which does not form part of this report.

Financial risk management

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Further discussion of the financial risk management objectives and policies, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Key performance indicators

The company is managed by the director in accordance with the strategies of its ultimate parent company, Loopsign Limited. For this reason, the director believes that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group strategic report which does not form part of this report.

By order of the board



Mr R N Luck
Company Secretary
31 March 2015

LR (Cardiff) Limited

Director's report for the year ended 30 September 2014

The director presents his report and the audited financial statements of the company for the year ended 30 September 2014.

Results and dividends

The results for the financial year are set out in the profit and loss account on page 7. The director does not recommend the payment of a dividend (2013: £nil).

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were as follows:

Mr L K Sebastian

Mr G A Springer (resigned 29 October 2013)

Qualifying third party indemnity provisions

The company maintains liability insurance for its directors and officer. Following shareholder approval, the company has also provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Disclosure of information to auditors

The director confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

In the absence of a notice proposing that their appointment be terminated, PricewaterhouseCoopers LLP, are deemed to have been re-appointed as auditors for the next year.

By order of the board



Mr R N Luck

Company secretary

31 March 2015

LR (Cardiff) Limited

Statement of director's responsibilities for the year ended 30 September 2014

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Mr R N Luck

Company secretary

31 March 2015

Independent auditors' report to the member of LR (Cardiff) Limited

Report on the financial statements

Our opinion

In our opinion, LR (Cardiff) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

LR (Cardiff) Limited's financial statements comprise:

- the Balance sheet as at 30 September 2014;
- the Profit and loss account, the Statement of total recognised gains and losses, and the Note of historical cost profits and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the director

As explained more fully in the Statement of director's responsibilities set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 March 2015

LR (Cardiff) Limited
Profit and loss account
for the year ended 30 September 2014

	Note	2014 £	2013 £
Turnover	2	156,179	244,068
Cost of sales		(12,622)	(11,389)
Gross profit		<u>143,557</u>	<u>232,679</u>
Administrative expenses		(30,972)	(7,179)
Other operating income		69,694	1,000
Exceptional items:	4		
Loss on disposal of investment properties		(265,958)	
Operating (loss)/profit	3	<u>(83,679)</u>	<u>226,500</u>
Interest receivable and similar income	5	1,298	-
Interest payable and similar charges	6	(55,901)	(158,731)
(Loss)/profit on ordinary activities before taxation		<u>(138,282)</u>	<u>67,769</u>
Tax on (loss)/profit on ordinary activities	8	-	-
(Loss)/profit for the financial year	14	<u>(138,282)</u>	<u>67,769</u>

All amounts relate to continuing operations.

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical costs equivalents.

LR (Cardiff) Limited
Statement of total recognised gains and losses
for the year ended 30 September 2014

	Note	2014 £	2013 £
(Loss)/profit for the financial year		(138,282)	67,769
Surplus on revaluation of investment properties	9	-	100,000
Total recognised (losses)/gains relating to the year		<u>(138,282)</u>	<u>167,769</u>

Note of historical cost profits and losses
for the year ended 30 September 2014

	Note	2014 £	2013 £
(Loss)/profit on ordinary activities before taxation		(138,282)	67,769
Realisation of prior year revaluations of investment properties	13	(502,385)	-
Historical cost (loss)/profit on ordinary activities before taxation		<u>(640,667)</u>	<u>67,769</u>

LR (Cardiff) Limited
Balance sheet
as at 30 September 2014

Registered number
01235394

	Note	2014 £	2013 £
Fixed assets			
Investment properties	9	-	1,000,000
Current assets			
Debtors	10	5,968,310	6,093,489
Creditors: amounts falling due within one year	11	<u>(1,892,206)</u>	<u>(2,879,103)</u>
Net current assets		4,076,104	3,214,386
Total assets less current liabilities		<u>4,076,104</u>	<u>4,214,386</u>
Net assets		<u>4,076,104</u>	<u>4,214,386</u>
Capital and reserves			
Called up share capital	12	900,000	900,000
Revaluation reserve	13	-	(502,385)
Profit and loss account	14	3,176,104	3,816,771
Total shareholder's funds	15	<u>4,076,104</u>	<u>4,214,386</u>

These financial statements were approved by the Director on 31 March 2015
and signed on its behalf by



Mr L K Sebastian
Director

31 March 2015

LR (Cardiff) Limited
Notes to the financial statements
for the year ended 30 September 2014

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified for the revaluation of investment properties, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Investment properties

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued by the directors annually on an open market basis and independently valued when required by SSAP 19. Any changes in the market value of investment properties are taken to the statement of total recognised gains and losses and transferred to the revaluation reserve, unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account of the year.

No depreciation is provided in respect of investment properties. The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the director considers that to depreciate would not give a true and fair view.

The depreciation (which would, had the provisions of the Act been followed, have been charged to the profit and loss account) is only one of the factors reflected in the valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Cash flow statement

The company has taken advantage of the exemption in the Financial Reporting Standards No 1 (Revised 1996) 'Cash flow statement' from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Turnover

Turnover represents rental income and recoverable property expenses, net of value added tax. Rental income is recognised over the term of the lease on a straight-line basis. The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the UK.

LR (Cardiff) Limited
Notes to the financial statements
for the year ended 30 September 2014

1 Accounting policies (cont.)

Accrued income

Income from rental properties is allocated in the year to which it relates, with amounts owed from tenants, but not invoiced at the year end held as accrued income.

Deferred income

Income from properties is allocated in the year to which it relates, with payments received in advance held as deferred income and credited to the the profit and loss when earned.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2 Turnover

Net rental income	2014	2013
	£	£
Rental income	147,400	228,169
Recoverable property expenses	8,779	15,899
Turnover	<u>156,179</u>	<u>244,068</u>
Net property (outgoings)/income	(3,843)	4,510
Recoverable property expenses	(8,779)	(15,899)
Property outgoings	<u>(12,622)</u>	<u>(11,389)</u>
Net rental income	<u>143,557</u>	<u>232,679</u>

3 Operating profit

	2014	2013
	£	£
Operating profit/(loss) is stated after charging:		
Auditors' remuneration	<u>-</u>	<u>-</u>

Auditors' remuneration has been borne by London & Regional Properties Limited.

4 Exceptional items

	2014	2013
	£	£
Loss on disposal of investment properties	<u>(265,958)</u>	<u>-</u>

On 1 July 2014, the company sold its investment property for £751,500, resulting in a loss on disposal of £265,958.

5 Interest receivable and similar income

	2014	2013
	£	£
Interest receivable and similar income	<u>1,298</u>	<u>-</u>

LR (Cardiff) Limited
Notes to the financial statements
for the year ended 30 September 2014

6 Interest payable and similar charges	2014	2013
	£	£
Interest payable to group undertakings	55,901	158,672
Other interest payable	-	59
	<u>55,901</u>	<u>158,731</u>

7 Director's emoluments

The directors did not receive any emoluments in respect of their services to the company (2013: £nil). The company has no employees (2013: none) other than the director.

The above details of directors' emoluments do not include the emoluments which are paid by a fellow subsidiary and recharged to the company as part of a management charge. This management charge, which in 2014 amounted to £11,660 (2013: £6,350), also includes a recharge of administration costs borne by the fellow subsidiary on behalf of the company and it is not possible to identify separately the amount of the director's emoluments. The director is an employee of a fellow subsidiary and their total emoluments are included in the aggregate of employee wages and salaries included in the financial statements of the ultimate parent company.

8 Tax on (loss)/profit on ordinary activities

No tax has been provided for due to the availability of losses through group relief.

Factors affecting tax charge for the year

From 1 April 14 the rate of corporation tax has reduced from 23% to 21%, giving a blended average rate for the year of 22%.

The tax assessed for the year is different (2013: different) to the blended rate of corporation tax in the UK of 22%; (2013: 23.5%). The differences are explained below:

	2014	2013
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(138,282)</u>	<u>67,769</u>
	£	£
(Loss)/profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 22% (2013: 23.5%)	(30,422)	15,926
Effects of:		
Realisation of prior year revaluations of investment properties	(110,525)	-
Surrender/(utilisation) of tax losses	<u>140,947</u>	<u>(15,926)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

The company surrendered the benefit of tax losses amounting to £640,667. No payment for this surrender was received by the company. In 2013, the corporation tax charge for the year had been reduced by £15,926 because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender was made by the company.

Factors that may affect future tax charges

With effect from 1 April 2015, the UK corporation tax rate will be reduced to 20%. This change, which was announced in the March 2013 budget and affirmed in the March 2014 budget, will have no impact on these financial statements.

LR (Cardiff) Limited
Notes to the financial statements
for the year ended 30 September 2014

9 Investment properties

	Freehold land and buildings
	2014 £
Valuation	
At 1 October 2013	1,000,000
Disposal	<u>(1,000,000)</u>
At 30 September 2014	<u>-</u>

The investment property was charged to secure loan notes issued by a fellow subsidiary company and the loan made to a further fellow subsidiary company. The Investment property was sold on 1 July 2014.

10 Debtors

	2014 £	2013 £
Trade debtors	1,357	1,200
Amounts owed by group undertakings	5,965,630	6,089,616
Taxation and social security	1,323	-
Prepayments and accrued income	<u>-</u>	<u>2,673</u>
	<u>5,968,310</u>	<u>6,093,489</u>

Amounts owed by group undertakings are interest free, repayable on demand, and unsecured.

11 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	13,942	10,760
Amounts owed to group undertakings	1,869,264	2,783,177
Taxation and social security	-	14,333
Accruals and deferred income	<u>9,000</u>	<u>70,833</u>
	<u>1,892,206</u>	<u>2,879,103</u>

Amounts owed to group undertakings are interest free, repayable on demand, and unsecured apart from £205,771 (2013: £2,617,558) which are secured over the properties of those group undertakings, bear interest at a blended rate of between 2.82% and 3.60% p.a. over 3 month Sterling LIBOR (2013: between 5.53% and 6.16% p.a. all-in). These amounts were repayable by 15 October 2014 (2013: 15 October 2013), on which date the term was extended to 15 October 2015 (due to amortisation targets being met). Further extension to 15 October 2016 is permitted should further amortisation targets be achieved.

12 Called up share capital

	2014 £	2013 £
Authorised:		
900,000 (2013: 900,000) ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>
	2014 Number	2013 Number
	£	£
Allotted and fully paid:		
Ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>
	<u>900,000</u>	<u>900,000</u>

LR (Cardiff) Limited
Notes to the financial statements
for the year ended 30 September 2014

13 Revaluation reserve	2014
	£
At 1 October 2013	(502,385)
Transfer to profit and loss reserve	502,385
At 30 September 2014	<u>-</u>

14 Profit and loss reserve	2014
	£
At 1 October 2013	3,816,771
Loss for the financial year	(138,282)
Transfer from revaluation reserve	(502,385)
At 30 September 2014	<u>3,176,104</u>

15 Reconciliation of movement in shareholder's funds	2014	2013
	£	£
At 1 October	4,214,386	4,046,617
(Loss)/profit for the financial year	(138,282)	67,769
Deficit on revaluation of investment properties	-	100,000
At 30 September	<u>4,076,104</u>	<u>4,214,386</u>

16 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is wholly owned subsidiary of a group headed by Loopsign Limited, whose financial statements are publicly available.

17 Parent undertaking

The immediate parent undertaking is London & Regional Group Securitisation No. 2 Limited, a company incorporated and registered in England and Wales.

The ultimate parent undertaking is Loopsign Limited, a company incorporated in England and Wales.

London & Regional Group Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 30 September 2014. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2014. The consolidated financial statements of Loopsign Limited can be obtained from the company secretary at:

Quadrant House, Floor 6
4 Thomas More Square
London
E1W 1YW

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of Loopsign Limited.