

Registered number
2909660

London & Regional Properties Limited

Report and Accounts

30 September 2006



London & Regional Properties Limited
Report and accounts
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London & Regional Properties Limited
Company Information

Directors

Mr C King
Mr R Luck

Secretary

Mr R N Luck

Registered Office

St Alphage House
2 Fore Street
London
EC2Y 5DH

Auditors

UHY Hacker Young
168 Church Road
Hove
East Sussex
BN3 2DL

Registered number

2909660

London & Regional Properties Limited

Directors' Report

The directors present their report and accounts for the year ended 30 September 2006

Principal activities and review of the business

The company acts as a provider of a wide range of property management and development services. The directors consider the financial position at 30 September 2006 to be satisfactory.

Results and dividends

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were

Mr I M Livingstone (resigned 4 April 2007)

Mr C King

Mr R Luck (appointed 16 December 2005)

Mr J Mills (appointed 23 February 2006 and resigned 3 July 2007)

The directors had no interests in the issued share capital of the company at any time during the year ended 30 September 2006.

Fixed Assets

The movement in fixed assets during the year is set out in note 6 to the accounts.

Auditors

The company passed an Elective Resolution during the year, pursuant to Section 386 of the Companies Act 1985, electing to dispense with the obligation to re-appoint auditors annually. The resolution remains in force.

This report was approved by the board on 27 July 2007.

Mr R N Luck



Secretary

London & Regional Properties Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

London & Regional Properties Limited

Independent auditors' report to the shareholder of London & Regional Properties Limited

We have audited the accounts of London & Regional Properties Limited for the year ended 30 September 2006 which comprise pages 5 to 14. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the accounts for the year ended 30 September 2006.

UHY Hacker Young
Chartered Accountants and Registered Auditors

168 Church Road
Hove
East Sussex
BN3 2DL

27 July 2007

London & Regional Properties Limited
Profit and Loss Account
for the year ended 30 September 2006

	Notes	2006 £	2005 £
Turnover		4,435,916	5,968,061
Administrative expenses		(20,037,737)	(14,028,163)
Operating loss	2	<u>(15,601,821)</u>	<u>(8,060,102)</u>
Income from investments		405,672	-
Interest receivable		1,649,657	558,722
Interest payable	4	(1,941,710)	(1,028,414)
Loss on ordinary activities before taxation		<u>(15,488,202)</u>	<u>(8,529,794)</u>
Tax on loss on ordinary activities	5	46,178	-
Loss for the financial year		<u>(15,442,024)</u>	<u>(8,529,794)</u>
Retained loss for the financial year	11	<u>(15,442,024)</u>	<u>(8,529,794)</u>

London & Regional Properties Limited
Statement of total recognised gains and losses
for the year ended 30 September 2006

	Notes	2006 £	2005 £
Loss for the financial year	11	(15,442,024)	(8,529,794)
Total recognised gains and losses related to the year		<u>(15,442,024)</u>	<u>(8,529,794)</u>

London & Regional Properties Limited
Balance Sheet
as at 30 September 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	6	4,328,202	4,752,724
Investments		<u>18,828</u>	<u>-</u>
		4,347,030	4,752,724
Current assets			
Debtors	8	448,140,834	207,466,784
Cash at bank and in hand		<u>84,085,405</u>	<u>30,662,460</u>
		532,226,239	238,129,244
Creditors: amounts falling due within one year	9	<u>(561,239,552)</u>	<u>(252,106,227)</u>
Net current liabilities		(29,013,313)	(13,976,983)
		<u>(24,666,283)</u>	<u>(9,224,259)</u>
Capital and reserves			
Called up share capital	10	8	8
Profit and loss account	11	(24,666,291)	(9,224,267)
Shareholders' funds			
Equity		<u>(24,666,289)</u>	<u>(9,224,265)</u>
Non-equity		<u>6</u>	<u>6</u>
	12	<u>(24,666,283)</u>	<u>(9,224,259)</u>



Mr C King
Director

Approved by the board on 27 July 2007

London & Regional Properties Limited
Cash Flow Statement
for the year ended 30 September 2006

	Notes	2006 £	2005 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating loss		(15,601,821)	(8,060,102)
Depreciation charges		446,257	471,347
(Increase)/decrease in debtors		(240,674,050)	5,481,555
Increase in creditors		309,133,325	31,051,037
Net cash inflow from operating activities		53,303,711	28,943,837

CASH FLOW STATEMENT

Net cash inflow from operating activities		53,303,711	28,943,837
Returns on investments and servicing of finance	13	113,619	(469,692)
Taxation		46,178	-
Capital expenditure	13	(40,563)	(4,870,971)
		<u>53,422,945</u>	<u>23,603,174</u>
Increase in cash		<u>53,422,945</u>	<u>23,603,174</u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period		53,422,945	23,603,174
Change in net (debt)/funds	14	<u>53,422,945</u>	<u>23,603,174</u>
Net funds at 1 October		30,662,460	7,059,286
Net funds at 30 September		<u>84,085,405</u>	<u>30,662,460</u>

London & Regional Properties Limited
Notes to the Accounts
for the year ended 30 September 2006

1 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies which have been consistently applied are given below.

Accounting convention

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

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.

Development properties

Development properties represent property held with the intention of resale. Development property is included at the lower of cost and net realisable value. Where cost exceeds the value of the property then adjustments are made to write down the value accordingly. Cost represents all costs incurred to the balance sheet date but does not include any interest costs.

Turnover

Turnover comprises management charges receivable from group undertakings and other sundry turnover net of value added tax.

Depreciation

Provision is made for depreciation on all tangible assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Fixtures & Fittings	20% per annum on a straight line basis
Motor Vehicles	20% per annum on a straight line basis
Plane	6.67% per annum on a straight line basis

Pension

The pension cost charge in the financial statements represents the contributions payable by the company during the year.

Operating Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Consolidation

The company is exempt from the requirement to prepare consolidated accounts under section 228 of the Companies Act 1985 on the grounds that it is a wholly owned subsidiary.

London & Regional Properties Limited
Notes to the Accounts
for the year ended 30 September 2006

2 Operating loss	2006	2005
	£	£
This is stated after charging/(crediting)		
Audit fees	39,250	29,840
Provisions/(waivers) against loans to related undertakings	1,562,971	(3,458,263)
Depreciation of owned fixed assets	446,257	471,347
Employee benefit trust	<u>7,500,000</u>	<u>7,500,000</u>
3 Staff costs	2006	2005
	£	£
Employee costs including executive directors amounted to		
Salaries	4,315,246	3,691,659
Pension costs	3,915	9,094
Social security costs	<u>542,874</u>	<u>445,393</u>
	<u>4,862,035</u>	<u>4,146,146</u>
	Number	Number
The average weekly number of employees including executive directors was		
Management and administration	<u>31</u>	<u>31</u>
	£	£
Directors' emoluments were as follows		
Directors' remuneration	<u>942,708</u>	<u>463,750</u>
The company has also made contributions to employees' personal pension schemes amounting to £3,915 (2005 £9,094)		
	£	£
Highest paid director		
Remuneration	471,667	413,750
Pension contribution	<u>-</u>	<u>-</u>
4 Interest payable	2006	2005
	£	£
Other interest	<u>1,941,710</u>	<u>1,028,414</u>

London & Regional Properties Limited
Notes to the Accounts
for the year ended 30 September 2006

5 Taxation	2006	2005
	£	£
Payment for group relief surrendered	<u>(46,178)</u>	<u>-</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2006	2005
	£	£
Loss on ordinary activities before tax	<u>(15,488,202)</u>	<u>(8,529,794)</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax	(4,646,461)	(2,558,938)
Effects of		
Income not taxable	-	(1,037,479)
Expenses not deductible for tax purposes	474,885	5,300
Depreciation in excess of capital allowances	20,034	14,438
Surrender of tax losses through group relief	4,151,542	3,576,679
Payment for group relief surrendered	(46,178)	-
	<u>(46,178)</u>	<u>-</u>
Current tax charge for period	<u>(46,178)</u>	<u>-</u>

6 Tangible fixed assets

	Plane	Fixtures & Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 October 2005	4,640,369	996,684	244,667	5,881,720
Additions	-	21,735	-	21,735
At 30 September 2006	<u>4,640,369</u>	<u>1,018,419</u>	<u>244,667</u>	<u>5,903,455</u>
Depreciation				
At 1 October 2005	309,358	576,972	242,666	1,128,996
Charge for the year	<u>309,358</u>	<u>135,582</u>	<u>1,317</u>	<u>446,257</u>
At 30 September 2006	<u>618,716</u>	<u>712,554</u>	<u>243,983</u>	<u>1,575,253</u>
Net book value				
At 30 September 2006	<u>4,021,653</u>	<u>305,865</u>	<u>684</u>	<u>4,328,202</u>
At 30 September 2005	<u>4,331,011</u>	<u>419,712</u>	<u>2,001</u>	<u>4,752,724</u>

London & Regional Properties Limited
Notes to the Accounts
for the year ended 30 September 2006

7 Investments

Cost	Investments in subsidiary undertakings
	£
Addition	18,828
At 30 September 2006	<u>18,828</u>

The company owns 100% of the share capital of London & Regional Properties GmbH, a company incorporated in Germany and whose principal activity is the provision of advisory services

8 Debtors

	2006	2005
	£	£
Trade debtors	33,104	352,500
Amounts owed by former directors	2,523,600	5,846,359
Amounts due from group undertakings	421,753,404	174,031,487
Amounts due from joint ventures	42,115	-
Development projects	8,583,778	14,871,643
Prepayments and accrued income	4,660,641	4,079,638
Other debtors	10,544,192	8,285,157
	<u>448,140,834</u>	<u>207,466,784</u>

9 Creditors amounts falling due within one year

	2006	2005
	£	£
Trade creditors	1,038,036	725,190
Corporation tax	-	-
Amounts due to group undertakings	558,512,664	241,421,325
Other taxes and social security costs	305,711	307,595
Other creditors	1,261,176	122,134
Accruals and deferred income	121,965	9,529,983
	<u>561,239,552</u>	<u>252,106,227</u>

10 Share capital

	2006	2005	2006	2005
	No	No	£	£
Authorised				
Ordinary shares of £1 each	2	2	2	2
Deferred shares of \$1 each	10	10	6	6
			<u>8</u>	<u>8</u>
	2006	2005	2006	2005
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	2	2	2	2
Deferred shares of \$1 each	10	10	6	6
			<u>8</u>	<u>8</u>

Class Rights

The deferred shares of £1 each carry the right to repayment of £1 each on a winding up, carry no other right to participate in the capital or income of the company and the holders are entitled to one vote for every two shares held

London & Regional Properties Limited
Notes to the Accounts
for the year ended 30 September 2006

11 Profit and loss account	2006	2005
	£	£
At 1 October 2005	(9,224,267)	(694,473)
Retained loss	(15,442,024)	(8,529,794)
At 30 September 2006	<u>(24,666,291)</u>	<u>(9,224,267)</u>

12 Reconciliation of movement in shareholders' funds	2006	2005
	£	£
At 1 October 2005	(9,224,259)	(694,465)
Loss for the financial year	(15,442,024)	(8,529,794)
At 30 September 2006	<u>(24,666,283)</u>	<u>(9,224,259)</u>

13 Gross cash flows	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	1,649,657	558,722
Interest paid	(1,941,710)	(1,028,414)
	<u>113,619</u>	<u>(469,692)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(21,735)	(4,870,971)
Payments to acquire investments	(18,828)	-
	<u>(40,563)</u>	<u>(4,870,971)</u>

14 Analysis of changes in net debt	At 1 Oct 2005	Cash flows	Non-cash changes	At 30 Sep 2006
	£	£	£	£
Cash at bank and in hand	30,662,460	53,422,945	-	84,085,405
Total	<u>30,662,460</u>	<u>53,422,945</u>	<u>-</u>	<u>84,085,405</u>

15 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2006	Land and buildings 2005	Other 2006	Other 2005
	£	£	£	£
Operating leases which expire in over five years	<u>303,120</u>	<u>303,120</u>	<u>-</u>	<u>-</u>

London & Regional Properties Limited
Notes to the Accounts
for the year ended 30 September 2006

16 Related parties

At 30 September 2006 the company was owed by I M Livingstone and R J Livingstone, former directors of the company, £2,523,600 (2005 £5,846,359). The loan is included in debtors in note 7. The maximum loan outstanding during the year was £7,511,462. The loan is interest free and repayable on demand. The loan was repaid subsequent to the year end.

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90% or more whose voting rights are controlled within the group.

At 30 September 2006 the company was owed £708,963 (2005 £698,875) by Optika Holdings Limited, a company 50% indirectly owned by I M Livingstone. The loan does not bear interest and is repayable on demand.

17 Ultimate parent undertaking

The company is a wholly owned subsidiary of London & Regional Group Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Loopsign Ltd, a company incorporated in England and Wales. The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of Loopsign Limited.