

Registered number
02909660

London and Regional Properties Limited
Annual report and financial statements
for the year ended 30 September 2011



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London and Regional Properties Limited
Company information for the year ended 30 September 2011

Directors

Mr R J Livingstone
Mr R N Luck

Company secretary

Mr R N Luck

Independent auditors

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

Registered office

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

Registered number

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London and Regional Properties Limited
Directors' report for the year ended 30 September 2011

The directors present their report and the audited financial statements for the year ended 30 September 2011

Principal activities

The company acts as a provider of a wide range of property management and development services. The company also holds investments in subsidiaries. The loss for the year is largely due to a one-off impairment of £69.2m in loans to joint ventures of a fellow group undertaking. Taking this into account the directors consider the financial position at 30 September 2011 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 fluctuating market place, which can result in large movements in foreign exchange and investment valuations. Further discussion of the risks and uncertainties, 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 directors in accordance with the group strategies of its ultimate parent company, Loopsign Limited, and for this reason, the director believes that 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 annual report which does not form part of this report.

Results and dividends

The results for the financial year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2010: £nil).

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of London & Regional Group Holdings Limited. The directors have received confirmation that London & Regional Group Holdings Limited intend to support the company for at least one year after these financial statements are signed.

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 R J Livingstone
Mr R N Luck

Qualifying third party indemnity provisions

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

Disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are 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 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 July 2012

London and Regional Properties Limited

Statement of directors' responsibilities for the year ended 30 September 2011

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 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.

By order of the board



Mr R N Luck

Company Secretary

31 July 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON & REGIONAL PROPERTIES LIMITED

We have audited the financial statements of London and Regional Properties Limited for the year ended 30 September 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 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.


Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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 matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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


Suzanne Woolfson (Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

31 July 2012

London and Regional Properties Limited
Profit and loss account
for the year ended 30 September 2011

	Note	2011 £	2010 £
Turnover		6,879,556	5,969,359
Administrative expenses		(9,471,287)	(18,497,821)
Provisions against loans to group undertakings		(51,868,287)	(56,718)
Operating loss	2	<u>(54,460,018)</u>	<u>(12,585,180)</u>
Exceptional items	4	(69,158,291)	(3,015)
Loss on ordinary activities before interest		<u>(123,618,309)</u>	<u>(12,588,195)</u>
Income from joint ventures	5	60,992,443	-
Interest receivable and similar income	6	4,229,354	3,100,778
Interest payable and similar charges	7	(300,899)	(5,070)
Loss on ordinary activities before taxation		<u>(58,697,411)</u>	<u>(9,492,487)</u>
Tax/(credit) on loss on ordinary activities	8	(3,684,190)	4,847,504
Loss for the financial year		<u>(62,381,601)</u>	<u>(4,644,983)</u>

All amounts relate to continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

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

London and Regional Properties Limited
Balance sheet
as at 30 September 2011

Registered number
02909660

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	9	112,257	176,061
Investments	10	50,444,768	119,428,915
		<u>50,557,025</u>	<u>119,604,976</u>
Current assets			
Debtors	11	527,123,086	942,783,918
Investments held as current assets	12	7,038	-
Cash at bank and in hand		160,985,269	25,791,267
		<u>688,115,393</u>	<u>968,575,185</u>
Creditors' amounts falling due within one year	13	(788,699,595)	(1,075,825,737)
Net current liabilities		<u>(100,584,202)</u>	<u>(107,250,552)</u>
Net (liabilities)/assets		<u>(50,027,177)</u>	<u>12,354,424</u>
Capital and reserves			
Called up share capital	14	8	8
Profit and loss reserve	15	(50,027,185)	12,354,416
Total shareholder's (deficit)/funds	16	<u>(50,027,177)</u>	<u>12,354,424</u>

These financial statements were approved by the Board of Directors on
and signed on its behalf by

31 July 2012


Mr R N Luck
Director

31 July 2012

London and Regional Properties Limited
Notes to the financial statements
for the year ended 30 September 2011

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, 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.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of London & Regional Group Holdings Limited. The directors have received confirmation that London & Regional Group Holdings Limited intend to support the company for at least one year after these financial statements are signed.

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.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Other investments are stated at cost less any impairment provisions. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Investments held as current assets

Investments held as current assets are recorded at the lower of cost and net realisable value.

Turnover

Turnover comprises management charges receivable from group undertakings and other sundry turnover net of value added tax. The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the UK.

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

Pension

The pension cost charge in the financial statements represents the contributions payable by the company during the year to employees' personal pension schemes.

London and Regional Properties Limited
Notes to the financial statements
for the year ended 30 September 2011

1 Accounting policies (continued)

Operating leases

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

Cash flow statement

The company has taken advantage of the exemption permitted by Financial Reporting Standard 1, (revised 1996) "Cash flow statements" from including a cash flow statement on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement

Exemption from consolidation

The financial statements contain information about London and Regional Properties Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its intermediate parent, London & Regional Group Holdings Limited, a company incorporated in England and Wales

2 Operating loss

	2011 £	2010 £
This is stated after charging/(crediting)		
Depreciation of owned fixed assets	69,704	72,871
Operating leases - land and buildings	588,320	147,080
Impairment loss on development projects	(901,743)	-
Foreign exchange (gains)/losses on ordinary activities	(1,857,932)	5,021,224
Auditors' remuneration	265,500	243,522

3 Staff costs

	2011 £	2010 £
Employee costs including executive directors amounted to		
Salaries	4,257,478	6,823,267
Social security costs	600,440	850,335
Pension costs	33,383	33,000
	4,891,301	7,706,602

The pension costs comprise contributions to employees' personal pension schemes

	2011 Number	2010 Number
The average monthly number of employees including executive directors was		
Management and administration	38	41

	2011 £	2010 £
Directors' emoluments were as follows		
Directors' remuneration	471,447	461,348
Contributions to directors' personal pension schemes	25,200	15,400
	496,647	476,748

4 Exceptional items

	2011 £	2010 £
Loss on sale of tangible fixed assets	-	456
Loss on sale of investments in joint ventures	-	2,559
Impairment of investments in joint ventures	69,158,291	-
	69,158,291	3,015

London and Regional Properties Limited
Notes to the financial statements
for the year ended 30 September 2011

5 Income from joint ventures

Income from joint ventures relates to dividend income from a joint venture held by an indirect subsidiary of the company

6 Interest receivable and similar income

	2011	2010
	£	£
On amounts owed by group undertakings	2,970,092	2,822,896
Other interest	1,259,262	277,881
	<u>4,229,354</u>	<u>3,100,777</u>

7 Interest payable and similar charges

	2011	2010
	£	£
Bank loans and overdrafts	-	253
On amounts owed to group undertakings	300,899	4,817
	<u>300,899</u>	<u>5,070</u>

8 Tax/(credit) on loss on ordinary activities

	2011	2010
	£	£
Analysis of charge for the year		
Current tax		
Adjustments in respect of previous years	<u>3,684,190</u>	<u>(4,847,504)</u>

The adjustments in respect of previous years arise due to receipts from a group undertaking for the surrender of tax losses by the company. No taxation for the current year is considered payable due to the utilisation of group tax losses.

Factors affecting tax credit for the year

From 1 April 2011 the rate of corporation tax has reduced from 28% to 26%, giving a blended average rate for the year of 27%.

The tax assessed for the year is different (2010 different) than the blended/standard rate of corporation tax in the UK of 27% (2010 28%). The differences are explained below.

	2011	2010
	£	£
Loss on ordinary activities before taxation	<u>(58,697,411)</u>	<u>(9,492,487)</u>
	£	£
Loss on ordinary activities multiplied by the blended/standard rate of corporation tax in the UK of 27% (2010 28%)	(15,848,301)	(2,657,896)
Effects of		
Expenses not deductible for tax purposes	32,832,888	178,823
Income not taxable	(16,467,960)	-
Capital allowances for year in excess of depreciation	(8,735)	(12,379)
Adjustments to tax charge in respect of previous years	3,684,190	(4,847,504)
(Claim)/surrender of tax losses	<u>(507,892)</u>	<u>2,491,452</u>
Total current tax credit for the year	<u>3,684,190</u>	<u>(4,847,504)</u>

London and Regional Properties Limited
Notes to the financial statements
for the year ended 30 September 2011

8 Tax/(credit) on loss on ordinary activities (cont)

The corporation tax charge for the year has been reduced by £507,892 because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the company. In the previous year the company surrendered the benefit of tax losses amounting to £8,898,043 to fellow subsidiary undertakings without receiving any payment.

Factors that may affect future tax charges

Reductions to the UK corporation tax rate were announced in the March 2011 Budget. The changes, which were enacted on July 19 2011, reduce the rate by 1% per annum to 23% by 1 April 2014. These changes have no impact on these financial statements.

9 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 October 2010	372,142	6,584	378,726
Additions	5,900	-	5,900
At 30 September 2011	<u>378,042</u>	<u>6,584</u>	<u>384,626</u>
Depreciation			
At 1 October 2010	196,081	6,584	202,665
Charge for the year	69,704	-	69,704
At 30 September 2011	<u>265,785</u>	<u>6,584</u>	<u>272,369</u>
Net book value			
At 30 September 2011	<u>112,257</u>	<u>-</u>	<u>112,257</u>
At 30 September 2010	<u>176,061</u>	<u>-</u>	<u>176,061</u>

10 Investments

Cost	Investments in subsidiary undertakings £
At 1 October 2010 & 30 September 2011	<u>16,250</u>

The company holds 20% or more of the share capital of the following companies, incorporated in England and Wales

Company	Principal Activity	Shares held Class	%
Mobyhold Limited	Ownership and operation of a corporate aircraft	Ordinary	100
First Central Management Company Limited	Property management	Ordinary	100
Panama Holding 1 BV	Holding company	Ordinary	100

London and Regional Properties Limited
Notes to the financial statements
for the year ended 30 September 2011

10 Investments (continued)

	2011 £	2010 £
Unlisted investments	<u>50,428,518</u>	<u>119,412,665</u>

Unlisted investments include £49,313,556 (2010 £118,471,847) of unsecured loan notes issued by the David Lloyd Leisure Group, and other related joint venture undertakings, which are repayable in 2017 and accrue interest at 12% per annum compounded. Interest has not been accrued on the loan notes due to uncertainty of payment. In the opinion of the directors, the value of the unlisted investments was not less than the impaired cost.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

11 Debtors

	2011 £	2010 £
Trade debtors	690,494	344,921
Amounts owed by ultimate controlling parties	-	1,523,445
Amounts owed by group undertakings	497,145,738	892,051,110
Amounts owed by joint ventures	750	17,427,381
Amounts owed by associated undertakings	12,043,074	-
Amounts recoverable on development projects	11,193,782	12,658,254
Prepayments and accrued income	2,914,226	4,502,201
Corporation tax	-	1,976,668
Other taxation	-	48,190
Other debtors	3,135,022	12,251,748
	<u>527,123,086</u>	<u>942,783,918</u>

Amounts owed by associated undertakings were previously classified as amounts owed by joint ventures, there being a part disposal of the group's interest in the joint venture during the year.

Amounts owed by joint ventures include £nil (2010 £17,426,631) repayable after more than one year. Amounts due from associates are all repayable after more than one year.

Amounts due from group undertakings are repayable on demand, unsecured and non-interest bearing with the exception of £76,276,959 (2010 £72,936,584) on which interest at 3.75% per annum is accrued.

12 Investments held as current assets

	2011 £	2010 £
Listed investments	<u>7,038</u>	<u>-</u>
Valuation		
Listed investments - market value	<u>7,049</u>	<u>-</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

London and Regional Properties Limited
Notes to the financial statements
for the year ended 30 September 2011

13 Creditors amounts falling due within one year	2011	2010
	£	£
Amounts owed to ultimate controlling parties	5,582,392	-
Trade creditors	827,348	1,246,488
Amounts owed to group undertakings	771,238,277	1,071,563,314
Corporation tax	6,170,156	-
Taxation and social security	497,085	138,125
Other creditors	3,055,910	2,240,467
Accruals and deferred income	1,103,640	412,556
Amounts owed to joint ventures	224,787	224,787
	<u>788,699,595</u>	<u>1,075,825,737</u>

Amounts owed to group undertakings are repayable on demand, unsecured and interest free with the exception of USD\$500,000 (2010 USD\$9,850,000) on which interest at 1 month Libor + 0.75% is accrued

14 Called up share capital	2011	2010
	£	£
Authorised		
Ordinary shares of £1 each	2	2
Deferred shares of \$1 each	6	6
	<u>8</u>	<u>8</u>

	2011	2010	2011	2010
	Number	Number	£	£
Ordinary shares of £1 each	2	2	2	2
Deferred shares of \$1 each	10	10	6	6
	<u>12</u>	<u>12</u>	<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

15 Profit and loss reserve	2011
	£
At 1 October 2010	12,354,416
Loss for the financial year	<u>(62,381,601)</u>
At 30 September 2011	<u>(50,027,185)</u>

16 Reconciliation of movement in shareholder's (deficit)/funds	2011	2010
	£	£
At 1 October	12,354,424	16,999,407
Loss for the financial year	<u>(62,381,601)</u>	<u>(4,644,983)</u>
At 30 September	<u>(50,027,177)</u>	<u>12,354,424</u>

London and Regional Properties Limited
Notes to the financial statements
for the year ended 30 September 2011

17 Other operating lease commitments

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

	Land and buildings 2011 £	Land and buildings 2010 £
Operating leases which expire in over five years	588,320	588,320

The lease referred to above was signed in May 2010

18 Related party transactions

At 30 September 2011 the company owed £5,582,392 to I M Livingstone and R J Livingstone, the latter being a director of the company and both being the ultimate controlling parties of the company (2010 £1,523,447 owed to the company) The loan is included in creditors in note 12 (2010 included in debtors in note 10) The maximum amount owed to the company during the year was £3,661,065 (2010 £3,729,496) The loan is interest free and repayable on demand

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

19 Parent undertaking

The immediate parent undertaking is London & Regional Group Holdings 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 2011 Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2011 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