

Registered number
02958517

London & Regional (Sheffield) Limited

Annual report and financial statements

for the year ended
30 September 2012

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London & Regional (Sheffield) Limited
Annual report and financial statements for the year ended 30 September 2012
Contents

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

London & Regional (Sheffield) Limited
Company information for the year ended 30 September 2012

Director

Mr L K Sebastian

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 & Regional (Sheffield) Limited

Director's report for the year ended 30 September 2012

The director presents his annual report and the audited financial statements of the company for the year ended 30 September 2012

Principal activities

The company acts as a commercial property investment company. The director considers the financial position at 30 September 2012 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 director of the group has reviewed the group's exposure to credit risk, liquidity risk and cashflow risk. These risks and uncertainties are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Key performance indicators

London & Regional (Sheffield) Limited 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 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 6. The director does not recommend the payment of a dividend (2011: £nil).

Director

The following persons served as director during the year and up to the date of signing the financial statements:

Mr L K Sebastian

Going concern

A long term inter-company loan from fellow group undertaking London & Regional Portfolio Finance Limited ("LRPF") matures in October 2013. LRPF itself has an external loan and a loan from a further group undertaking, London & Regional Debt Securitisation No. 2 plc ("LORDS 2") that both mature in October 2013. LRPF's ability to repay its own liabilities when they fall due is dependent on the company's ability to repay the inter-company loan at the date of maturity.

LRPF is commencing discussions with the existing lenders, as well as entering into negotiations with alternative lending institutions, to agree extensions to existing financing arrangements or to secure replacement financing facilities. If the above is not resolved, it may give rise to significant doubts as to the company's ability to continue as a going concern as the asset in the company is held as security against these debt facilities.

Whilst the director remains extremely confident that a refinancing will be achieved, at the time of approving these financial statements there is no certainty that this outcome will occur. The director has fully considered the relevant issues and is confident that it is appropriate to prepare these financial statements on the going concern basis (see Note 1 for further details).

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 third party indemnity provision for the purposes of the Companies Act 2006.

London & Regional (Sheffield) Limited
Directors report for the year ended 30 September 2012 (continued)

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 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 auditor is 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 auditor is 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
17 May 2013

London & Regional (Sheffield) Limited

Statement of director's responsibilities for the year ended 30 September 2012

The director is responsible for preparing 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,

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

17 May 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON & REGIONAL (SHEFFIELD) LIMITED

We have audited the financial statements of London & Regional (Sheffield) Limited for the year ended 30 September 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 director's responsibilities as set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies 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 2012 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 Director's 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Emphasis of Matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the going concern section of note 1 to the financial statements concerning the company's ability to continue as a going concern.

The company is reliant on the outcome of a fellow group undertaking's negotiations with its lenders and with alternative lending institutions, to agree extensions to existing financing arrangements or to secure replacement financing arrangements. There is no certainty that a satisfactory refinancing can be reached to enable the company to continue to fund its liabilities as they fall due.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Neil Mellor

Neil Mellor (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

17 May 2013

London & Regional (Sheffield) Limited
Profit and Loss Account
for the year ended 30 September 2012

	Notes	2012 £	2011 £
Turnover	2	1,097,844	1,405,757
Cost of sales		(413,038)	(369,575)
Gross profit		<u>684,806</u>	<u>1,036,182</u>
Administrative expenses		(229,011)	(50,132)
Other operating income		-	27,237
Operating profit		<u>455,795</u>	<u>1,013,287</u>
Interest payable and similar charges	4	(606,659)	(604,554)
(Loss)/profit on ordinary activities before taxation		<u>(150,864)</u>	<u>408,733</u>
Tax on (loss)/profit on ordinary activities	6	(144,874)	-
(Loss)/profit for the financial year	13	<u>(295,738)</u>	<u>408,733</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

London & Regional (Sheffield) Limited
Statement of total recognised gains and losses
for the year ended 30 September 2012

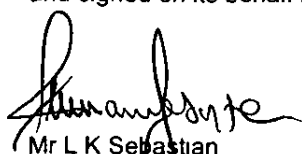
	Notes	2012 £	2011 £
(Loss)/profit for the financial year		(295,738)	408,733
Unrealised (deficit)/surplus on revaluation of investment properties	7	(1,575,938)	100,000
Total recognised gains and losses related to the year		<u>(1,871,676)</u>	<u>508,733</u>

London & Regional (Sheffield) Limited
Balance Sheet
as at 30 September 2012

Registered number
02958517

	Notes	2012 £	2011 £
Fixed assets			
Investment properties	7	5,300,000	6,600,000
Current assets			
Debtors	8	3,853,665	4,124,417
Creditors amounts falling due within one year	9	<u>(842,148)</u>	<u>(504,735)</u>
Net current assets		3,011,517	3,619,682
Total assets less current liabilities		8,311,517	10,219,682
Creditors: amounts falling due after more than one year	10	(9,893,134)	(9,929,623)
Net (liabilities)/assets		<u>(1,581,617)</u>	<u>290,059</u>
Capital and reserves			
Called up share capital	11	2	2
Revaluation reserve	12	(3,843,670)	(2,267,732)
Profit and loss reserve	13	2,262,051	2,557,789
Total shareholder's (deficit)/funds	14	<u>(1,581,617)</u>	<u>290,059</u>

These financial statements were approved by the Board of Directors on **17 May** 2013
and signed on its behalf by


Mr L K Sebastian
Director
17 May 2013

London & Regional (Sheffield) Limited
Notes to the financial statements
for the year ended 30 September 2012

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.

Going concern

As set out in note 10 the amount owed to fellow group undertaking, London & Regional Portfolio Finance Limited ("LRPF"), of £9.9 million is repayable in October 2013. LRPF itself has an external loan and an inter-company loan from fellow group undertaking, London & Regional Debt Securitisation No. 2 plc ("LORDS 2"), that both mature in October 2013.

LRPF's ability to repay its loan facilities when they fall due is dependent on the company's ability to repay the inter-company loan at the date of maturity. The company may not have the ability to repay the inter-company loan when it falls due and therefore this would lead to LRPF and LORDS 2 being unable to repay their own liabilities. The asset within the company is held as security against the loan facilities held by LRPF and LORDS 2 and therefore if LRPF defaults the lenders may be able to exercise their right to initiate the disposal of the property which would cast doubt over the company's ability to continue as a going concern.

LRPF is commencing discussions with its existing lenders, as well as entering into negotiations with alternative lending institutions, to agree extensions to existing financing arrangements or to secure replacement financing facilities. Whilst the director remains extremely confident that a refinancing will be achieved, at the time of approving these financial statements there is no certainty that this outcome will occur.

Material uncertainty over going concern

The director has concluded that these circumstances indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. It is on this basis that the director considers it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result should the company cease to be a going concern.

Investment properties

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued by the director 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.

London & Regional (Sheffield) Limited
Notes to the financial statements
for the year ended 30 September 2012

1 Accounting policies (continued)

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 statements' 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.

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 profit and loss when earned.

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.

2 Turnover	2012	2011
	£	£
Net rental income		
Rental income	791,000	1,003,650
Recoverable property expenses	306,844	402,107
Turnover	<u>1,097,844</u>	<u>1,405,757</u>
Net property (outgoings)/income	(106,194)	32,532
Recoverable property expenses	<u>(306,844)</u>	<u>(402,107)</u>
Property outgoings	<u>(413,038)</u>	<u>(369,575)</u>
Net rental income	<u>684,806</u>	<u>1,036,182</u>
3 Operating profit	2012	2011
	£	£
Operating loss is stated after charging		
Auditors' remuneration	<u>-</u>	<u>-</u>

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

London & Regional (Sheffield) Limited
Notes to the financial statements
for the year ended 30 September 2012

4 Interest payable and similar charges	2012	2011
	£	£
Other interest payable	4,253	-
Interest payable to group undertakings	602,406	604,554
	<u>606,659</u>	<u>604,554</u>

5 Director's emoluments

The director did not receive any emoluments in respect of his services to the company (2011 £nil) The company has no employees (2011 none) other than the director

The above details of director's 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 2012 amounted to 24,000 (2011 £24,000), 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. Mr Sebastian is an employee of a fellow subsidiary and his total emoluments are included in the aggregate of employee wages and salaries included in the financial statements of the ultimate parent company

6 Taxation on profit on ordinary activities	2012	2011
	£	£
Current tax		
Adjustments in respect of previous years	<u>144,874</u>	<u>-</u>

Factors affecting tax charge for the year

From 01 April 2012, the rate of corporation tax has reduced from 26% to 24%, giving a blended average rate for the year of 25%

The tax assessed for the year is different (2011 different) than the blended rate of corporation tax in the UK of 25% (2011 27%). The differences are explained below

	2012	2011
	£	£
(Loss)/profit on ordinary activities before tax	<u>(150,864)</u>	<u>408,733</u>
(Loss)/profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 25% (2011 27%)	(37,716)	110,358
Effects of		
Surrender/(utilisation) of tax losses	37,716	(110,358)
Adjustments to tax charge in respect of previous years	<u>144,874</u>	<u>-</u>
Current tax charge for the year	<u>144,874</u>	<u>-</u>

The company surrendered the benefit of tax losses amounting to £150,864 to fellow subsidiary undertakings without receiving any payment. In 2011 the corporation tax charge was reduced by £110,358 because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the company.

No provision has been made for deferred tax on gains recognised on revaluing the property to its open market value. The director has no intention of selling the property, and therefore, at present, it is not envisaged that any tax will become payable in the foreseeable future. The director considers that it is too onerous to provide an estimate of the tax that would be payable if the property was sold at the value shown. Such a tax estimate is not considered meaningful as properties are often divested through the sale of companies.

London & Regional (Sheffield) Limited
Notes to the financial statements
for the year ended 30 September 2012

6 Taxation on profit on ordinary activities (continued)

Factors that may affect future tax charges

Reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which were enacted on 17 July 2012, reduce the rate by 1% per annum to 22% by 1 April 2014. These changes have no impact on these financial statements.

7 Investment properties

	Leasehold land and buildings
	2012 £
Valuation	
At 1 October 2011	6,600,000
Additions	275,938
Unrealised loss on revaluation	(1,575,938)
At 30 September 2012	<u>5,300,000</u>
Cost	<u>9,143,670</u>

The investment property was valued by the director after taking independent advice from a professional valuer on an open market value basis at 30 September 2012. The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

The investment property has been charged to secure loan notes issued by a fellow subsidiary company and the bank loan made to a further fellow subsidiary company.

8 Debtors	2012 £	2011 £
Trade debtors	104,323	61,341
Amounts owed by group undertakings	3,742,565	4,053,289
Prepayments and accrued income	6,777	9,787
	<u>3,853,665</u>	<u>4,124,417</u>

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

9 Creditors amounts falling due within one year	2012 £	2011 £
Trade creditors	265,398	48,306
Amounts owed to group undertakings	-	50
Corporation tax	85,069	-
Taxation	11,951	56,163
Accruals and deferred income	479,730	400,216
	<u>842,148</u>	<u>504,735</u>

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

London & Regional (Sheffield) Limited
Notes to the financial statements
for the year ended 30 September 2012

10 Creditors amounts falling due after more than one year	2012	2011
	£	£
Amounts owed to group undertakings	<u>9,893,134</u>	<u>9,929,623</u>

The amounts owed to group undertakings are secured over the properties of the company, are repayable in October 2013 and bear interest at between 5.53% and 6.16% (2011 5.53% and 6.16%)

11 Called up share capital	2012	2011
	£	£
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

	2012	2011	2012	2011
	Number	Number	£	£
Allotted, and fully paid Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12 Revaluation reserve	2012
	£
At 1 October 2011	(2,267,732)
Unrealised deficit on revaluation of investment properties	<u>(1,575,938)</u>
At 30 September 2012	<u>(3,843,670)</u>

13 Profit and loss reserve	2012
	£
At 1 October 2011	2,557,789
Loss for the financial year	<u>(295,738)</u>
At 30 September 2012	<u>2,262,051</u>

14 Reconciliation of movement in shareholder's (deficit)/funds	2012	2011
	£	£
At 1 October	290,059	(218,674)
(Loss)/profit for the financial year	(295,738)	408,733
Unrealised (deficit)/surplus on revaluation of investment properties	<u>(1,575,938)</u>	<u>100,000</u>
At 30 September	<u>(1,581,617)</u>	<u>290,059</u>

15 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

London & Regional (Sheffield) Limited
Notes to the financial statements
for the year ended 30 September 2012

16 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 2012. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2012. 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