

**Registered number**  
**4013637**

**LR (Economy) Hotels Limited**

**Report and accounts**

**for the year ended**  
**30 September 2007**

**WEDNESDAY**



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**LR (Economy) Hotels Limited**  
**Report and accounts**  
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**LR (Economy) Hotels Limited**  
**Company information**

**Directors**

Mr C King

Mr D Poser

**Company secretary**

Mr R N Luck

**Registered office**

Quadrant House, Floor 6

17 Thomas More Street

Thomas More Street

London E1W 1YW

**Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

**Registered number**

4013637

## **LR (Economy) Hotels Limited**

### **Director's report for the year ended 30 September 2007**

The directors present their report and the audited accounts of the company for the year ended 30 September 2007

#### **Principal activities and review of the business**

The company's principal activity during the year was property investment. The directors consider the financial position at 30 September 2007 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 (2006: £nil).

#### **Directors**

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

Mr I M Livingstone (resigned 4 April 2007)

Mr C King

Mr D Poser

#### **Qualifying third party indemnity provisions**

The company maintains liability insurance for its directors and officers. 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 1985.

#### **Independent auditors and 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.

The company passed an elective resolution during the period, 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.

During the year UHY Hacker Young resigned as auditors to the company, and the directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Mr R N Luck

**Company secretary**

23 May 2008

## **LR (Economy) Hotels Limited**

### **Statement of directors' responsibilities for the year ended 30 September 2007**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 those 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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.



Mr R N Luck  
**Company secretary**  
23 May 2008

**LR (Economy) Hotels Limited**  
**Independent auditors' report**  
**to the members of LR (Economy) Limited**

We have audited the financial statements of LR (Economy) Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet, the statement of recognised gains and losses, note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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**

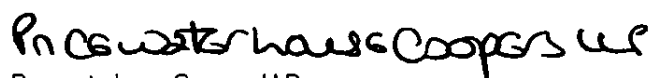
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**Opinion**

In our opinion:

- the financial statements 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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH  
23 May 2008

**LR (Economy) Hotels Limited**  
**Profit and loss account**  
**for the year ended 30 September 2007**

	Note	2007 £	2006 £
<b>Turnover</b>	2	-	865,940
Administrative expenses		(20)	(321,019)
Other operating income		-	165,000
<b>Operating (loss)/profit</b>	2	<u>(20)</u>	<u>709,921</u>
Exceptional items			
Loss on the disposal of investment properties	3	-	(626,664)
		<u>(20)</u>	<u>83,257</u>
Interest receivable and similar income		-	9,356
Interest payable and similar charges	4	-	(6,586,202)
<b>Loss on ordinary activities before taxation</b>		<u>(20)</u>	<u>(6,493,589)</u>
Tax on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>	9	<u>(20)</u>	<u>(6,493,589)</u>

All amounts relate to continuing operations

**LR (Economy) Hotels Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 September 2007**

	2007 £	2006 £
Loss for the financial year	(20)	(6,493,589)
Total recognised gains and losses related to the year	<u>(20)</u>	<u>(6,493,589)</u>

**Note of historical cost profits and losses**  
**for the year ended 30 September 2007**

	2007 £	2006 £
Profit on ordinary activities before taxation	(20)	(6,493,589)
Realisation of prior year revaluations of investment properties	-	18,992,236
Historical cost profit on ordinary activities before taxation	<u>(20)</u>	<u>12,498,647</u>



**LR (Economy) Hotels Limited**  
**Balance sheet**  
**as at 30 September 2007**

	Note	2007 £	2006 £
<b>Current assets</b>			
Debtors	5	14,527,113	14,906,361
<b>Creditors amounts falling due within one year</b>	6	(1,113,827)	(1,493,055)
<b>Net current assets</b>		<u>13,413,286</u>	<u>13,413,306</u>
<b>Net assets</b>		<u>13,413,286</u>	<u>13,413,306</u>
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Profit and loss account	9	13,413,285	13,413,305
<b>Total equity shareholders' funds</b>	10	<u>13,413,286</u>	<u>13,413,306</u>

  
 Mr C King  
 Director

23 May 2008

**LR (Economy) Hotels Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

**1 Accounting policies**

**Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention as modified to include the revaluation of investment properties, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

**Finance costs**

Finance costs, including issue costs which are initially recognised as a reduction in the proceeds of the associated capital instrument, are amortised over the period of the loans in accordance with FRS4.

**Depreciation**

Compliance with Statement of Standard Accounting Practice 19 (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation for the departure is given below.

**Investment properties**

In accordance with SSAP 19, investment properties are revalued by the director annually on an open market basis and independently valued when required by SSAP 19 and the surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties. The Companies Act 1985 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 increased the loss for the year) 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 Financial Reporting Standard No 1 (revised 1996) 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.

**Turnover**

Turnover represents rental income, net of value added tax recognised when the financial risks and rewards are transferred.

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the UK.

LR (Economy) Hotels Limited  
Notes to the accounts  
for the year ended 30 September 2007

<b>2 Operating loss</b>	<b>2007</b>	<b>2006</b>
	£	£
This is stated after charging		
Auditors' remuneration	-	2,000
Auditors' remuneration has been borne by London & Regional Properties Limited		
<b>3 Exceptional items</b>	<b>2007</b>	<b>2006</b>
	£	£
Loss on disposal of investment properties	-	(626,664)
<b>4 Interest payable and similar charges</b>	<b>2007</b>	<b>2006</b>
	£	£
Bank loan	-	690,660
Swap break costs	-	5,399,125
Amortisation of loan fees	-	496,417
	-	6,586,202
<b>6 Directors' emoluments</b>		
The directors did not receive any emoluments in respect of their services to the company (2006 £nil)		
<b>7 Tax on loss on ordinary activities</b>		
No taxation is considered payable due to losses in the year		
<b>5 Debtors</b>	<b>2007</b>	<b>2006</b>
	£	£
Amounts owed by group undertakings	14,461,098	14,836,052
Other debtors	66,015	70,309
	14,527,113	14,906,361

**LR (Economy) Hotels Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

**6 Creditors amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	1,113,827	1,113,827
Accruals and deferred income	-	379,228
	<u>1,113,827</u>	<u>1,493,055</u>

**7 Called up share capital**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Authorised 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Allotted and fully paid Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**9 Profit and loss account**

	<b>2007</b>
	<b>£</b>
At 1 October 2006	13,413,305
Loss for the financial year	(20)
At 30 September	<u>13,413,285</u>

**10 Reconciliation of movement in shareholders' funds**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At 1 October	13,413,306	19,906,895
Loss for the financial year	(20)	(6,493,589)
At 30 September	<u>13,413,286</u>	<u>13,413,306</u>

**LR (Economy) Hotels Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

**16 Parent undertaking**

The company is a wholly owned subsidiary of London & Regional Hotel Holdings Limited

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

Copies of the Loopsign Limited consolidated financial statements can be obtained from the company secretary at

Quadrant House, Floor 6  
17 Thomas More Street  
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