

Registered number
04476411

London & Regional Hotel Finance Limited
Annual report and financial statements
for the year ended 30 September 2014

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London & Regional Hotel Finance Limited
Annual report and financial statements for the year ended 30 September 2014
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London & Regional Hotel Finance Limited
Company information for the year ended 30 September 2014

Director

Mr R J Livingstone

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 Hotel Finance 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 acts as a treasury company for group undertakings. The company made a loss of £6.0m for the financial year ended 30 September 2014 (2013: £5.4m) and had net liabilities of £38.2m at the year end (2013: £32.2m). 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. 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.

Financial risk management

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors. 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. The Group does not use derivative financial instruments for speculative purposes.

Key performance indicators

The company is managed by the director in accordance with the group strategies of its ultimate parent company, Loopsign Limited, and 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.

Going concern

The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Hotel (PL Property) Limited. The director has received confirmation that Hotel (PL Property) Limited intend to support the company for at least one year after these financial statements are signed.

By order of the board



Mr R N Luck

Company Secretary

23 December 2014

London & Regional Hotel Finance Limited
Director's report for the year ended 30 September 2014

The director presents his report and the audited financial statements 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).

Director

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

Mr R J Livingstone

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 is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all steps that he ought to have taken 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
23 December 2014

London & Regional Hotel Finance Limited

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

The director is responsible for preparing the strategic report and 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
23 December 2014

Independent auditors' report to the member of London & Regional Hotel Finance Limited

Report on the financial statements

Our opinion

In our opinion, London & Regional Hotel Finance 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

London & Regional Hotel Finance Limited's financial statements comprise:

- the Balance sheet as at 30 September 2014;
- the Profit and loss account 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 directors have 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 directors

As explained more fully in the Statement of director's responsibilities set out on page 4, 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) ("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 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.

What an audit of financial statements involves

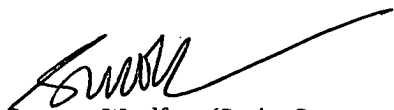
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 directors; 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
23 December 2014

London & Regional Hotel Finance Limited
Profit and loss account
for the year ended 30 September 2014

| | Note | 2014 £ | 2013 £ |
|--|------|--------------------|--------------------|
| Administrative expenses | | (15,080) | (15,000) |
| Operating loss | 2 | <u>(15,080)</u> | <u>(15,000)</u> |
| Interest receivable and similar income | 4 | 7,454,967 | 7,564,637 |
| Interest payable and similar charges | 5 | (13,406,646) | (12,902,178) |
| Loss on ordinary activities before taxation | | <u>(5,966,759)</u> | <u>(5,352,541)</u> |
| Tax on loss on ordinary activities | 6 | - | - |
| Loss for the financial year | 14 | <u>(5,966,759)</u> | <u>(5,352,541)</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 loss on ordinary activities before taxation and the loss stated above and their historical costs equivalents.

London & Regional Hotel Finance Limited
Balance sheet
as at 30 September 2014

Registered number
04476411

| | Note | 2014 £ | 2013 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 7 | 116,636,022 | 118,309,271 |
| Current assets | | | |
| Debtors | 8 | 32,295,665 | 28,629,659 |
| Cash at bank and in hand | | <u>5,594,054</u> | <u>5,414,052</u> |
| | | 37,889,719 | 34,043,711 |
| Creditors: amounts falling due within one year | 9 | (34,449,477) | (23,726,170) |
| Net current assets | | <u>3,440,242</u> | <u>10,317,541</u> |
| Total assets less current liabilities | | <u>120,076,264</u> | <u>128,626,812</u> |
| Creditors: amounts falling due after more than one year | 10 | (158,304,922) | (160,888,711) |
| Net liabilities | | <u>(38,228,658)</u> | <u>(32,261,899)</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 1 | 1 |
| Profit and loss reserve | 14 | (38,228,659) | (32,261,900) |
| Total shareholder's deficit | 15 | <u>(38,228,658)</u> | <u>(32,261,899)</u> |

These financial statements were approved by the Board of Directors on 23 December 2014 and signed on its behalf by


Mr R J Livingstone
Director

London & Regional Hotel Finance 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, 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 director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Hotel (PL Property) Limited. The director has received confirmation that Hotel (PL Property) Limited intend to support the company for at least one year after these financial statements are signed.

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 FRS 4 'Capital instruments'.

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 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 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.

Interest rate swaps

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge it must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a variable rate to a fixed rate or vice versa. Interest differentials under these swaps are recognised by adjusting interest payable over the periods of the contracts.

If an instrument ceases to be a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

London & Regional Hotel Finance Limited
Notes to the financial statements
for the year ended 30 September 2014

| | | |
|-------------------------|-------------|-------------|
| 2 Operating loss | 2014 | 2013 |
| | £ | £ |

This is stated after charging:

| | | |
|------------------------|---|---|
| Auditors' remuneration | - | - |
|------------------------|---|---|

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

3 Director's emoluments

The director did not receive any emoluments in respect of his services to the company (2013: £nil).
The company has no employees (2013: nil) other than the director.

The emoluments of Mr Livingstone are paid by a fellow subsidiary company which makes no recharge to the company. Mr Livingstone is a director of the ultimate parent company and a number of fellow subsidiary companies and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries to which he provide services. Accordingly, the above details include no emoluments in respect of the director. The total emoluments of Mr Livingstone are included in the aggregate of directors' emoluments included in the financial statements of the ultimate parent company.

| | | |
|---|------------------|------------------|
| 4 Interest receivable and similar income | 2014 | 2013 |
| | £ | £ |
| Other interest | 4,767 | 4,093 |
| On amounts owed by group undertakings | 7,450,200 | 7,560,544 |
| | <u>7,454,967</u> | <u>7,564,637</u> |

| | | |
|---|-------------------|-------------------|
| 5 Interest payable and similar charges | 2014 | 2013 |
| | £ | £ |
| Bank loans repayable within 5 years | 13,285,963 | 12,781,495 |
| Amortisation of loan fees | 120,683 | 120,683 |
| | <u>13,406,646</u> | <u>12,902,178</u> |

6 Tax on loss on ordinary activities

No tax has been provided for due to the taxable loss in the year.

Factors affecting tax charge for the year

From 01 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:

London & Regional Hotel Finance Limited
Notes to the financial statements
for the year ended 30 September 2014

6 Tax on loss on ordinary activities (cont.)

| | 2014 £ | 2013 £ |
|---|-------------|-------------|
| Loss on ordinary activities before taxation | (5,966,759) | (5,352,541) |
| Blended rate of corporation tax in the UK | 22% | 23.5% |
| | £ | £ |
| Loss on ordinary activities multiplied by the blended rate in the UK of 22% (2013: 23.5%) | (1,312,687) | (1,257,847) |
| Effects of: | | |
| Surrender of tax losses | 1,312,687 | 1,257,847 |
| Current tax charge for the year | - | - |

The company surrendered the benefit of tax losses amounting to £5,966,759 (2013: £5,352,541) to fellow subsidiary undertakings without receiving any payment.

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.

7 Investments

| | £ |
|----------------------|-------------|
| Cost | |
| At 1 October 2013 | 118,309,271 |
| Loan repayments | (1,673,249) |
| At 30 September 2014 | 116,636,022 |

The company holds senior loan stock instruments issued by Hotel (PL Property) Limited, a fellow subsidiary undertaking. The senior loan of £116,636,022 is repayable by quarterly instalments and by a final bullet in July 2017.

The director believes that the carrying value of the investments is supported by their underlying net assets.

8 Debtors

| | 2014 £ | 2013 £ |
|------------------------------------|------------|------------|
| Amounts owed by group undertakings | 30,848,284 | 27,161,514 |
| Prepayments and accrued income | 1,447,381 | 1,468,145 |
| | 32,295,665 | 28,629,659 |

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

London & Regional Hotel Finance Limited
Notes to the financial statements
for the year ended 30 September 2014

| 9 Creditors: amounts falling due within one year | 2014 £ | 2013 £ |
|---|-------------------|-------------------|
| Bank loans and overdrafts (note 11) | 1,793,761 | 1,803,398 |
| Amounts owed to group undertakings | 30,050,197 | 19,404,635 |
| Accruals and deferred income | <u>2,605,519</u> | <u>2,518,137</u> |
| | <u>34,449,477</u> | <u>23,726,170</u> |

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

Bank loans are stated net of finance charges of £120,683 (2013: £120,683) to be allocated to the following year.

| 10 Creditors: amounts falling due after more than one year | 2014 £ | 2013 £ |
|---|--------------------|--------------------|
| Bank loans (note 11) | <u>158,304,922</u> | <u>160,888,711</u> |

The bank loan is stated net of finance charges of £281,596 (2013: £402,279) to be allocated to future periods.

| 11 Loans | 2014 £ | 2013 £ |
|---|--------------------|--------------------|
| Loans not wholly repayable within five years: | | |
| Bank loan | <u>160,098,683</u> | <u>162,692,109</u> |
| Analysis of maturity of debt: | | |
| Within one year or on demand | 1,793,761 | 1,803,398 |
| Between one and two years | 1,628,772 | 1,594,382 |
| Between two and five years | <u>156,676,150</u> | <u>159,294,329</u> |
| | <u>160,098,683</u> | <u>162,692,109</u> |

The bank loan is secured over the investment property, and the rental income derived there from, of a related undertaking and by a fixed and floating charge over the assets of the company. The loan is repayable from surplus rents and by a bullet on 22 January 2018. It bears interest at an effective rate of 6.74% per annum (2013: 6.74%).

12 Fair values of financial instruments

The company borrows at both fixed and floating rates of interest and then employs derivative financial instruments in the form of interest rate swaps to manage the company's exposure to interest rate fluctuations. The fair value of the interest rate and RPI swaps outstanding is a negative £105m (2013: negative £99m) at the balance sheet date.

London & Regional Hotel Finance Limited
Notes to the financial statements
for the year ended 30 September 2014

| | | |
|--|--------------|--------------|
| 13 Called up share capital | 2014 | 2013 |
| | £ | £ |
| Authorised: | | |
| 1,000 (2013: 1,000) Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

| | | | | |
|--------------------------|----------------------|--------------------|---------------|---------------|
| | Nominal value | 2014 Number | 2014 £ | 2013 £ |
| Allotted and fully paid: | | | | |
| Ordinary shares | £1 each | 1 | <u>1</u> | <u>1</u> |

| | |
|-----------------------------------|---------------------|
| 14 Profit and loss reserve | 2014 £ |
| At 1 October 2013 | (32,261,900) |
| Loss for the financial year | <u>(5,966,759)</u> |
| At 30 September 2014 | <u>(38,228,659)</u> |

| | | |
|---|---------------------|---------------------|
| 15 Reconciliation of movement in shareholder's deficit | 2014 £ | 2013 £ |
| At 1 October | (32,261,899) | (26,909,358) |
| Loss for the financial year | <u>(5,966,759)</u> | <u>(5,352,541)</u> |
| At 30 September | <u>(38,228,658)</u> | <u>(32,261,899)</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 Finance Limited.

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.