Company Registration No. 04524346 (England and Wales)

LONDON & REGIONAL (EMPIRE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

LONDON & REGIONAL (EMPIRE) LIMITED

COMPANY INFORMATION

Director	Mr R N Luck	(Appointed 31 January 2017)
Secretary	Mr R N Luck	
Company number	04524346	
Registered office	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW	
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	

LONDON & REGIONAL (EMPIRE) LIMITED

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LONDON & REGIONAL (EMPIRE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The director presents the strategic report for the year ended 30 September 2017.

Principal activities, fair review of the business and future developments
The company acts as a commercial property investment company. The company made a loss of £2.3m for the year ended 30 September 2017 (2016: profit of £10.9m) and had net assets of £47.4m at the year end (2016: £45.3m).

In October 2016, an inter-company loan from London & Regional Portfolio Finance Limited ("LRPF") was repaid following a group restructuring. In March 2017 the company secured external bank financing.

The director considers the financial position and future prospects at 30 September 2017 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 company has reviewed the company'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.

Financial risk management
The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. 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.

Key performance indicators
The company is managed by the director in accordance with the strategies of its ultimate parent company, Loopsign Limited. 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.

By order of the board

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Mr R N Luck
Secretary
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LONDON & REGIONAL (EMPIRE) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The director presents his annual report and audited financial statements for the year ended 30 September 2017.

Director
The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr L Sebastian	(Resigned 31 January 2017)
Mr R N Luck	(Appointed 31 January 2017)

Results and dividends
The results for the year are set out on page 7.

The business review and financial risk management are included in the strategic report.

No ordinary dividends were paid (2016: £nil). The director does not recommend payment of a final dividend (2016: £nil).

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its director during the year. These provisions remain in force at the reporting date.

Independent Auditors
The Independent Auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to Independent Auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

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Mr R N Luck
Secretary
29.3.18
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LONDON & REGIONAL (EMPIRE) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 period. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The director 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

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Mr R N Luck

Secretary

29.3.18

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LONDON & REGIONAL (EMPIRE) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, London & Regional (Empire) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2017; the statement of total comprehensive income; and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Reporting on other information (continued)

With respect to the Strategic Report and Director's report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's report.

Responsibilities for the financial statements and the audit

Responsibilities of the director for the financial statements

As explained more fully in the Director's responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of director's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 March 2018

LONDON & REGIONAL (EMPIRE) LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	3,234,584	3,239,708
Cost of sales		(149,414)	(139,496)
Gross profit		3,085,170	3,100,212
Administrative expenses		(95,916)	(128,170)
Other operating income		-	1,500
Fair value gains and losses on investment properties		(23,660)	11,060,000
Operating (loss)/profit	4	2,965,594	14,033,542
Interest receivable and similar income	6	13	-
Interest payable and similar expenses	7	(1,000,585)	(1,260,429)
Profit on ordinary activities before taxation		1,965,022	12,773,113
Tax on (loss)/profit on ordinary activities	8	371,000	(1,912,000)
Profit for the financial year		2,336,022	10,861,113
Other comprehensive (expense)/income for the year			
Cash flow hedges loss arising in the year		(286,159)	-
Tax relating to other comprehensive income		54,370	-
Total comprehensive (expense)/income		2,104,233	10,861,113

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

LONDON & REGIONAL (EMPIRE) LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Investment properties	9		84,460,000		84,460,000
Current assets					
Debtors	10	48,825,662		31,819,760	
Cash at bank and in hand		13		-	
		48,825,675		31,819,760	
Creditors: amounts falling due within one year	11	(31,815,717)		(64,496,267)	
Net current assets/(liabilities)			17,009,958		(32,676,507)
Total assets less current liabilities			101,469,958		51,783,493
Creditors: amounts falling due after more than one year	12		(48,007,602)		-
Provisions for liabilities	14		(6,033,630)		(6,459,000)
Net assets			47,428,726		45,324,493
Capital and reserves					
Called up share capital	16		1,455,001		1,455,001
Hedging reserve			(231,789)		-
Retained earnings			46,205,514		43,869,492
Total equity			47,428,726		45,324,493

The financial statements were approved by the director and authorised for issue on 29/3/18

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Mr R N Luck
Director

Company Registration No. 04524346

LONDON & REGIONAL (EMPIRE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Called up share capital	Hedging reserve	Retained earnings	Total
		£	£	£	£
Balance at 1 October 2015		1,455,001	-	33,008,379	34,463,380
Profit and total comprehensive income for the year		-	-	10,861,113	10,861,113
Balance at 30 September 2016		1,455,001	-	43,869,492	45,324,493
Loss for the financial year		-	-	2,336,022	2,336,022
Other comprehensive (expense)/ income:					
Movements in cash flow hedges		-	(286,159)	-	(286,159)
Tax relating to other comprehensive expense		-	54,370	-	54,370
Total comprehensive expense for the financial year		-	(231,789)	2,336,022	2,104,233
Balance at 30 September 2017		1,455,001	(231,789)	46,205,514	47,428,726

Included within retained earnings is an amount of £45,079,401 (2016: £44,732,061) relating to investment property revaluation and related deferred tax which is non-distributable.

1 Accounting policies

Company information
London & Regional (Empire) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

1.1 Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

1.2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis, under the historical cost convention, modified to include the revaluation of investment properties. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

FRS 102 allows a qualifying entity certain disclosure exemption if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Loopsign Limited which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17 (d) of FRS 102; and
- from the requirement to present financial instruments disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraph 12.26 and 12.29.

1.3 Turnover

Turnover represents rental income and recoverable expenses, net of value added tax. Rental income is recognised over the term of the lease on a straight-line basis. The aggregate cost of incentives is deducted from the rental income and allocated to the profit and loss account over the lease term or to the next rent review date, whichever is shorter. Sales income is recognised when the financial risks and rewards are transferred.

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

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the statement of total comprehensive income.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible assets.

1 Accounting policies **(Continued)**

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Derivatives
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.8 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Investment properties

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Recoverability of debtors and amounts from fellow group undertakings

The company makes an estimate of the recoverable value of its debtors and amounts due from fellow group undertakings. When carrying out the assessment directors consider factors including the aging profile of the debtors, historic experience and performance of debtors business.

3 Turnover

An analysis of the company's turnover is as follows:

Net rental income	**2017 £**	**2016 £**
Rental income	3,085,170	3,100,212
Recoverable property expenses	149,414	139,496
Turnover	3,234,584	3,239,708
Recoverable property expenses	(149,414)	(139,496)
Property outgoings	(149,414)	(139,496)
Net rental income	3,085,170	3,100,212

4 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging:	**2017 £**	**2016 £**
Fees payable to the company's auditors for the audit of the company's financial statements	-	-

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

5 Director's remuneration

The director did not receive any emoluments in respect of his services to the company (2016 : £nil). The company has no employees (2016: 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 2017 amounted to £92,555 (2016: £120,730), 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. The director 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 Interest receivable and similar income

	2017 £	**2016 £**
Interest on bank deposits	13	-

7 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and loans	899,832	-
Interest payable to group undertakings	57,030	1,260,429
Amortization of loan fees	43,723	-
	1,000,585	1,260,429

8 Tax on (loss)/profit on ordinary activities

	2017	2016
	£	£
Deferred tax		
Origination and reversal of timing differences	(371,000)	1,912,000

Factors affecting tax charge for the year

From 01 April 2017 the rate of corporation tax has reduced from 20% to 19%, giving a blended average rate for the current year of 19.5% (2016: 20%).

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit on ordinary activities before taxation	1,965,022	12,773,113
Expected tax charge based on the blended standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	383,179	2,554,623
Tax effect of expenses that are not deductible in determining taxable profit	(4,614)	-
Tax effect of income not taxable in determining taxable profit	-	(2,212,000)
Effect of revaluations of investments	(371,000)	1,912,000
Utilisation of tax losses	(378,565)	(342,623)
Tax (credit)/charge for the year	(371,000)	1,912,000

In addition to the amount (credited)/charged to the statement of comprehensive income, the following amounts related to tax have been recognized directly in other comprehensive income.

	2017	2016
	£	£
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	(54,370)	-

8 Tax on (loss)/profit on ordinary activities (Continued)

The corporation tax charge for the year has been reduced by £378,565 (2016: £342,623) because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the company.

Factors that may affect future tax charges
With effect from 1 April 2020, the UK corporation tax rate will be reduced to 17%. This change, which was announced in the March 2015 budget and affirmed in the March 2016 budget, will have no significant impact on these financial statements.

9 Investment properties

	2017
	£
Fair value	
At 1 October 2016	84,460,000
Additions through external acquisition	23,660
Net losses through fair value adjustments	(23,660)
At 1 October 2016 and 30 September 2017	84,460,000

The investment property was valued by the director after taking advice from a professional valuer on an open market value basis at 30 September 2017. The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

10 Debtors

	2017	2016
	£	£
Amounts due from fellow group undertakings	48,794,853	31,789,486
Prepayments and accrued income	30,809	30,274
	48,825,662	31,819,760

Amounts due from fellow group undertakings are interest free, repayable on demand and unsecured.

11 Creditors: amounts falling due within one year

	Note	2017 £	2016 £
Bank loans and overdrafts	13	708,055	-
Amounts due to fellow group undertakings		29,701,627	63,564,788
Taxation and social security		154,240	129,912
Accruals and deferred income		1,251,795	801,567
		31,815,717	64,496,267

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

The bank loan is stated net of finance charges of £87,445 to be allocated to the following year.

12 Creditors: amounts falling due after more than one year

	Note	2017 £	2016 £
Bank loans and overdrafts	13	47,721,443	-
Derivative financial instruments		286,159	-
		48,007,602	-

The bank loan is stated net of finance charges of £306,057 to be allocated to future periods.

Derivative financial instruments
The company borrows at floating rates of interest and then employs derivative financial instruments in the form of an interest rate swap to receive interest at 3 months GDP LIBOR and pay fixed interest of 1.38% per annum. The swap is based on the principal amounts of the company's outstanding bank loans and matures on 24 March 2027.

The instrument is used to hedge the company's exposure to interest rate movements on the outstanding bank loans. The fair value of the interest rate swap at the year end was a liability of £286,159. The company has elected to apply hedge accounting. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income.

Cash flows on both the loans and the interest rate swaps are paid quarterly until maturity of the swaps and loans.

13 Loans and overdrafts

	2017 £	2016 £
Bank loans and overdrafts	48,429,498	-
Payable within one year	708,055	-
Payable between one and two years	708,055	
Payable between two and five years	47,013,388	-

The bank loan is secured over the company's freehold property and the rental income derived therefrom and by fixed and floating charges over the assets of the company. It is repayable in full on 24 March 2022. The facility bears an interest at an effective fixed rate of 3.53% per annum.

14 Provisions for liabilities

	Note	2017 £	2016 £
Deferred tax liabilities	15	6,033,630	6,459,000

15 Deferred tax

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2017 £	Liabilities 2016 £
Investment property	6,088,000	6,459,000
Derivative financial instruments	(54,370)	-
	6,033,630	6,459,000

Movements in the year:	2017 £
Liability at 1 October 2016	6,459,000
Credit to profit or loss	(371,000)
Credit to other comprehensive income	(54,370)
Liability at 30 September 2017	6,033,630

16 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1,455,001 (2016: 1,455,001) ordinary shares of £1 each	1,455,001	1,455,001

17 Related party transactions

As the company is a wholly owned subsidiary of Loopsign Limited, the company has taken advantage of the exemption under section 33.1A of FRS102 from disclosing transactions or balances with entities which form part of the group.

18 Controlling party

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 2017. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2017. 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.