

Registered number  
05039087

**Loopsign Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2015**

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**Loopsign Limited****Annual report and financial statements for the year ended 30 September 2015****Contents**

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**Loopsign Limited**

**Company information for the year ended 30 September 2015**

**Directors**

R J Livingstone

R N Luck

**Secretary**

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**

05039087

## **Loopsign Limited**

### **Strategic report for the year ended 30 September 2015**

The directors present their strategic report for the year ended 30 September 2015.

#### **Principal activities**

The group's principal activities during the year were property investment and development and also investment in hotel operations.

#### **Review of the business and future developments**

The group profit and loss account on page 8 shows that turnover decreased to £258m (2014: £328m), primarily due to the divestment in the previous year of the group's interest in a portfolio of German investment properties.

Total operating profit was £130m compared to £147m in the previous year due in part to the lower turnover. Exceptional items arising from profits on the sale of subsidiaries and investment properties were £73m (2014: £159m).

Net interest payable was reduced to £100m (2014: £137m) due to the reduction in loans following some property disposals. The net effect was that profit before tax for the year was £104m (2014: £190m).

The group's net asset value increased by £137m to £1,777m (2014: £1,640m) due to a net upward revaluation in investment properties and the profit for the year.

Group cash remains high at £302m as at 30 September 2015 (2014: £165m) with the increase from last year being due to the group divesting certain property investments, offset by its continuing pursuit of new investment opportunities and investment in the existing assets and businesses. The group continues to focus on retaining value and maximising cash flow through proactive asset and financial management. The directors consider the financial position and future prospects at 30 September 2015 to be satisfactory.

#### **Going concern**

Although the company had net current liabilities of £39.9m (2014: £39.9m) at the end of the financial year, its current liabilities at the same date consisted entirely of loans from direct and indirect subsidiaries that are under the control of the company. In addition, the company had net assets of £878.3m (2014: £878.3m). The directors therefore believe that it is appropriate to prepare the company's financial statements on a going concern basis.

#### **Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and cash flow risk. The principal risks and uncertainties mainly relate to the state of the property market and any problems in the debt market, which in turn impact the availability and cost of financing. General market conditions are outside the group's control. However, the directors have implemented a number of controls which mitigate their financial impact, such as hedging interest rates (see below), pro-active credit risk management and the in-depth financial evaluation of proposed new investments. In addition, the group's income derives from a wide geographical area and a broad base of asset classes which diversify the principal risks that arise in the group's business. The majority of the group's debt finance is on a long-term basis which limits refinancing risks in the current debt markets.

## **Loopsign Limited**

### **Strategic report for the year ended 30 September 2015 (continued)**

#### **Credit risk**

The group has implemented policies that require appropriate credit checks on potential tenants or customers. Cash depositing is subject to pre-approval by the board of directors and such approval is limited to high quality banks. Concentrations of credit risk with respect to tenants or customers are limited due to the group's customer base being large and unrelated. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed at least annually by the board.

#### **Liquidity risk**

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

#### **Cash flow risk**

The group's activities expose it primarily to the financial risks of changes in interest rates. The group uses interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

The group monitors cash flow as part of its day to day control procedures. The directors regularly review the forecast liquidity of the group to ensure that appropriate bank facilities and internal resources are available to meet future funding requirements.

#### **Key performance indicators**

The primary key performance indicator used by the directors to monitor the performance of the group is the total valuation of all properties held in comparison to the carrying value of all the loans that finance these properties. The directors assess this on an annual basis and confirm that the total carrying value of all investment, operational and development properties held exceeds the total book value of all outstanding loans.

The directors also monitor the following further performance indicators:

- average cost of borrowing, being the weighted average of interest rates payable on borrowings;
- rental yield, being rental income expressed as a percentage of the book value of properties with the rental yield compared to the average cost of borrowings;
- net asset values of the group's property portfolio.

By order of the board



Mr R N Luck  
Company secretary

31 AUGUST 2016

## **Loopsign Limited**

### **Directors' report for the year ended 30 September 2015**

The directors present their annual report and the audited consolidated financial statements for the year ended 30 September 2015.

#### **Results and dividends**

The results for the year are set out in the group profit and loss account for the year on page 8. The directors do not recommend the payment of any dividends for the year (2014: nil).

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

#### **Directors**

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

R J Livingstone

R N Luck (appointed 11 August 2016)

#### **Policy on payment of creditors**

It is group policy that all suppliers are dealt with in accordance with standard payment practices whereby all outstanding trade accounts are settled within the greater of the credit terms advised by the supplier at the time of the supply and 45 days (2014: 45 days) following the date of purchase.

#### **Donations**

During the year the group made charitable donations of £81,000 (2014: £35,500) and made no political donations (2014: £nil).

#### **Events after the balance sheet date**

In June 2016 the group acquired a portfolio of UK hotels for £536 million funded by bank loans and equity. The group has completed property disposals of £165 million since 30 September 2015. These events are non-adjusting.

#### **Employees**

The group gives every consideration to applications from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings.

There have been no specific changes to employment procedures during the financial year.

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

The group maintains liability insurance for its directors and officer. 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 2006.

The qualifying third party indemnity provision was in force during the financial year and also at the date of approval of these financial statements.

#### **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
- each 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 reappointed as auditors for the next year.

By order of the board



Mr R N Luck

Company secretary

31 AUGUST 2016

## **Loopsign Limited**

### **Statement of Directors' Responsibilities for the year ended 30 September 2015**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group 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**

21 AUGUST 2016

# ***Independent auditors' report to the members of Loopsign Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Loopsign Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2015 and of the group's profit and cash flows 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.
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### **What we have audited**

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the group balance sheet and company balance sheet as at 30 September 2015;
- the group profit and loss account, group statement of total recognised gains and losses and note of group historical cost profits and losses for the year then ended;
- the group cash flow statement, reconciliation of net cash flow to movements in net debt and analysis of changes in net debt 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and applicable law.

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.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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## **Other matters on which we are required to report by exception**

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### **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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



# ***Independent auditors' report to the members of Loopsign Limited (continued)***

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## **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

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### **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 group's and 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 directors' 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 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

**31** August 2016

**Loopsign Limited**  
**Group profit and loss account**  
**for the year ended 30 September 2015**

	Note	2015 £m	2014 £m
Turnover (including share of joint ventures)	2	258.2	328.2
Less: share of joint ventures' turnover		(6.0)	(4.0)
<b>Group turnover</b>		<b>252.2</b>	<b>324.2</b>
Cost of sales		(60.9)	(98.7)
<b>Gross profit</b>		<b>191.3</b>	<b>225.5</b>
Impairment of overseas investment properties	3	(2.5)	(33.7)
Administrative expenses before foreign currency exchange		(68.1)	(45.1)
Foreign currency exchange gain/(loss)		0.7	(15.0)
Total administrative expenses		(69.9)	(93.8)
Other operating income		3.6	15.3
<b>Group operating profit</b>	3	<b>125.0</b>	<b>147.0</b>
Share of profit in associates		4.3	0.2
Share of profit/(loss) in joint ventures		1.1	(0.5)
<b>Total operating profit: group and share of joint ventures</b>		<b>130.4</b>	<b>146.7</b>
Exceptional items:			
Profit on sale of tangible fixed assets	4	8.0	5.5
Profit on sale of subsidiaries	4	65.4	153.9
Income from other fixed asset investments	6	0.4	21.4
Interest receivable and similar income	7	6.6	7.8
Interest payable and similar charges	8	(106.4)	(145.0)
<b>Profit on ordinary activities before taxation</b>		<b>104.4</b>	<b>190.3</b>
Tax on profit on ordinary activities	10	(9.0)	(7.5)
<b>Profit on ordinary activities after taxation</b>		<b>95.4</b>	<b>182.8</b>
Minority interests		-	0.1
<b>Profit for the financial year</b>	24	<b>95.4</b>	<b>182.9</b>

The group's results all relate to continuing operations.

**Loopsign Limited**  
**Group statement of total recognised gains and losses**  
**for the year ended 30 September 2015**

	<b>Note</b>	<b>2015 £m</b>	<b>2014 £m</b>
Profit for the financial year		95.4	182.9
Unrealised surplus on revaluation of investment properties	22	51.7	452.3
Unrealised surplus on revaluation of fixed asset investments	22	-	0.1
Unrealised (loss)/gain on re-translation of opening net assets of overseas subsidiaries		(13.6)	2.6
<b>Total recognised gains and losses related to the year</b>		<b>133.5</b>	<b>637.9</b>

**Note of group historical cost profits and losses**  
**for the year ended 30 September 2015**

		<b>2015 £m</b>	<b>2014 £m</b>
Profit on ordinary activities before taxation		104.4	190.3
Realisation of prior year revaluations of investment properties	22	82.2	(18.9)
<b>Historical cost profit on ordinary activities before taxation</b>		<b>186.6</b>	<b>171.4</b>

**Loopsign Limited**  
**Group balance sheet**  
**as at 30 September 2015**

**Registered number**  
**05039087**

	<b>Note</b>	<b>2015 £m</b>	<b>2014 £m</b>
<b>Fixed assets</b>			
Intangible assets	11	1.3	1.5
Tangible assets	12	2,658.5	2,870.1
Investments in associates	13a	37.0	46.4
Interests in joint ventures:	13b		
- Share of gross assets		57.1	48.6
- Share of gross liabilities		(25.1)	(22.2)
		32.0	26.4
Other investments other than loans	13c	69.4	46.9
		<u>2,798.2</u>	<u>2,991.3</u>
<b>Current assets</b>			
Stocks	14	110.9	98.1
Debtors			
- amounts falling due within one year	15	256.6	162.1
- amounts falling due after more than one year	15	-	14.9
Investments held as current assets	16	1.3	1.2
Cash at bank and in hand		<u>301.6</u>	<u>165.2</u>
		670.4	441.5
<b>Creditors: amounts falling due within one year</b>	17	(230.0)	(230.1)
<b>Net current assets</b>		<u>440.4</u>	<u>211.4</u>
<b>Total assets less current liabilities</b>		<u>3,238.6</u>	<u>3,202.7</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(1,462.0)	(1,561.8)
<b>Provisions for liabilities</b>	20	-	(1.2)
<b>Net assets</b>		<u>1,776.6</u>	<u>1,639.7</u>
<b>Capital and reserves</b>			
Called up share capital	21	-	-
Revaluation reserve	22	1,218.4	1,246.0
Merger reserve	23	66.6	52.9
Profit and loss reserve	24	491.6	342.3
<b>Total shareholders' funds</b>	25	<u>1,776.6</u>	<u>1,641.2</u>
Minority interests		-	(1.5)
<b>Capital employed</b>		<u>1,776.6</u>	<u>1,639.7</u>

These financial statements on pages 8 to 32 were approved by the Board of Directors on 31 AUGUST 2016 and were signed on its behalf by:



Mr R N Luck  
**Director**  
31 AUG 2016

**Loopsign Limited**  
**Company balance sheet**  
**as at 30 September 2015**

**Registered number**  
**05039087**

	Note	2015 £m	2014 £m
<b>Fixed assets</b>			
Investments	13	918.2	918.2
<b>Creditors: amounts falling due within one year</b>	17	<u>(39.9)</u>	<u>(39.9)</u>
<b>Net current liabilities</b>		(39.9)	(39.9)
<b>Total assets less current liabilities</b>		<u>878.3</u>	<u>878.3</u>
<b>Capital and reserves</b>			
Called up share capital	21	-	-
Profit and loss reserve	24	878.3	878.3
<b>Total shareholders' funds</b>	25	<u>878.3</u>	<u>878.3</u>

These financial statements on pages 8 to 32 were approved by the Board of Directors on *31 AUGUST* 2016 and were signed on its behalf by:



Mr R N Luck  
**Director**  
*31 AUGUST* 2016

**Loopsign Limited**  
**Group cash flow statement**  
**for the year ended 30 September 2015**

	Note	2015	2014
		£m	£m
Net cash inflow from operating activities	26	102.4	268.0
Returns on investments and servicing of finance	26	(100.4)	(102.1)
Taxation	26	(4.8)	(3.8)
Capital expenditure and financial investment	26	(1.2)	(238.9)
Acquisitions and disposals	26	225.1	19.5
		<u>221.1</u>	<u>(57.3)</u>
Financing	26	(82.4)	(7.4)
Increase/(decrease) in cash		<u>138.7</u>	<u>(64.7)</u>

**Reconciliation of net cash flow to movement in net debt**

Increase/(decrease) in cash in the year	138.7	(64.7)
Decrease in debt	92.0	792.9
Other non cash changes	(2.0)	(6.8)
Exchange rate movement	(6.0)	(56.6)
Change in net debt	<u>222.7</u>	<u>664.8</u>
Net debt at 1 October	<u>(1,482.4)</u>	<u>(2,147.2)</u>
Net debt at 30 September	<u>(1,259.7)</u>	<u>(1,482.4)</u>

**Analysis of changes in net debt**

	At 1 October 2014	Cashflow	Other non cash changes (finance costs amortisation)	Exchange rate movement	At 30 September 2015
	£m	£m	£m	£m	£m
Cash at bank and in hand	165.2	138.7		(2.3)	301.6
Debt due within 1 year	(87.0)	(13.1)	(0.5)	-	(100.6)
Debt due after 1 year	(1,561.8)	105.1	(1.6)	(3.7)	(1,462.0)
	<u>(1,648.8)</u>	<u>92.0</u>	<u>(2.1)</u>	<u>(3.7)</u>	<u>(1,562.6)</u>
Current asset investments	1.2	-	0.1	-	1.3
<b>Total</b>	<u><b>(1,482.4)</b></u>	<u><b>230.7</b></u>	<u><b>(2.0)</b></u>	<u><b>(6.0)</b></u>	<u><b>(1,259.7)</b></u>

Debt due within 1 year is stated net of finance charges of £1.7m (2014: £2.2m ) to be allocated to the following year. Debt due after 1 year is stated net of finance charges of £5.1m (2014: £4.5m) to be allocated to future periods.

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified to include the revaluation of certain fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom except as explained below in respect of the treatment of negative goodwill and investment properties.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

**Going concern**

Although the company had net current liabilities of £39.9m (2014: £39.9m) at the end of the financial year, its current liabilities at the same date consisted entirely of loans from direct and indirect subsidiaries that are under the control of the company. In addition, the company had net assets of £878.3m (2014: £878.3m). The directors therefore believe that it is appropriate to prepare the company's financial statements on a going concern basis.

**Basis of consolidation**

The group financial statements consolidate the company and its subsidiaries. The accounting reference date of all significant subsidiaries is 30 September. Group reconstructions are accounted for under the merger accounting rules. Subsidiaries acquired are accounted for under the acquisition accounting rules. Intra-group transactions have been eliminated.

As permitted by section 408(4) of the Companies Act 2006, the profit and loss account of the company is not presented in these financial statements. The profit for the year attributable to the shareholders of the company was £nil million (2014: nil million).

Joint venture undertakings are consolidated under the gross equity method of accounting. Where joint ventures have net liabilities, the group's share of the net liabilities is provided for on the balance sheet. Associates, being companies over which the group exercises significant influence but not control, are consolidated under the gross equity method of accounting.

Foreign subsidiaries are translated using the closing rate method under SSAP 20. Exchange differences arising are taken to reserves.

Uniform accounting policies are adopted by all subsidiaries where permissible in local jurisdictions, otherwise appropriate adjustments are made on consolidation.

**Goodwill**

Positive goodwill is the excess of the cost of an acquired entity over the fair values of that entity's identifiable assets and liabilities. Positive goodwill relating to acquisitions made is shown in the balance sheet as an asset, and is amortised evenly over its estimated useful economic life of 20 years. In addition to this regular amortisation, the book value is written down to the recoverable amount when any impairment is identified.

**Depreciation**

Compliance with the Statement of Standard Accounting Practice (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 2006 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 directors 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 2006 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the directors consider that to depreciate would not give a true and fair view. The depreciation (which would, had the provisions of the Act been followed, have reduced the profit 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.

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 September 2015**

**1 Accounting policies (continued)**

**Operational properties**

Operational properties are stated at cost, net of depreciation and any provision for impairment.

Operational properties are written off on a straight line basis over their useful economic lives less residual value as follows:

- Freehold land is not depreciated
- Freehold buildings are depreciated over periods up to 50 years
- Leasehold properties are depreciated over the shortest of 50 years, their estimated useful lives, or their remaining lease periods.

**Other tangible assets**

Other tangible assets are stated at cost, net of depreciation and any provision for impairment.

Provision is made for depreciation on all other tangible assets at rates calculated to write off the cost of each asset over its useful life as follows:

Fixtures and fittings, plant and equipment	6.67% to 20% per annum on a straight line basis
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**Fixed asset investments**

Listed and unlisted investments are measured at fair value. Any changes in the fair value of fixed asset investments 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 is expected to be permanent, in which case it is charged (or credited) to the profit and loss account of the period.

The fair value of listed investments is determined by reference to quoted market prices at the close of business on the balance sheet date. For unlisted investments, fair value is determined as the group's share of the fair value of the underlying business determined using an appropriate industry EBITDA multiple or rental income yield.

**Development properties**

Development properties includes both land under development and property held with the intention of sale and work in progress. Development property is included at the lower of cost and net realisable value. Where cost exceeds the value of the property then adjustments are made to write down the value accordingly. Cost represents all costs incurred to the balance sheet date but does not include any interest costs. Sales of development properties are shown as turnover when there is an unconditional contract for sale and substantially all the risks and rewards have been transferred to the purchaser.

**Accounting for PFI assets**

On 10 October 2014 the group disposed of all its PFI properties. In prior years costs incurred in the construction of two PFI properties were accounted for under Financial Reporting Standard (FRS) 5 Application Note F.

Applying the guidance within the Application Note indicated that the projects' principal agreements transferred substantially all the risks and rewards of ownership to the customers. As such the costs incurred by the group on the design and construction of the properties were treated as finance debtors within the financial statements.

Unitary charge income was allocated between turnover and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contracts. Turnover represented the income allocated to the services provided as part of the overall projects.



**Loopsign Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 September 2015**

**1 Accounting policies (continued)**

**Long term contracts**

The amount of long-term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in development properties as long term contract balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long-term contracts. Payments in excess of recorded turnover and long-term contract balances are included in creditors as payments received on account on long-term contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

**Stocks**

Stocks are stated at the lower of cost and net realisable value, less provisions for any impairment.

**Current asset investments**

Current asset investments are stated at the lower of cost and net realisable value, less provisions for any impairment.

**Accrued income**

Accrued income is revenue earned, according to the below revenue recognition criteria, but not yet invoiced at the balance sheet date.

**Pension costs**

The pension costs charged in the financial statements represent the contributions payable by the group during the year to defined contribution schemes and money purchase schemes.

**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.

**Provisions**

Provisions are made for the expected costs to be incurred in the future on life cycle replacement of plant, cleaning up contaminated land and other anticipated liabilities.

**Turnover**

Turnover represents amounts invoiced, including recoverable property expenses, net of value added tax, derived from the group's principal activities. 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 and asset management fees are recognised when the financial risks and rewards are transferred.

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 September 2015**

**1 Accounting policies (continued)**

**Income recognition**

Income is recognised as follows:

- on property sales when there is an unconditional contract for sale and substantially all the risks and rewards have been transferred to the purchaser;
- rents received prior to the period to which they relate are accounted for as deferred income and released to the period to which the rents relate;
- hotel room income is recognised when guests have occupied rooms and food and beverage income is recognised when sales have been made.

**Exceptional costs**

Exceptional costs constitute material items which derive from events or transactions that fall within the ordinary activities of the group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

**Finance costs**

Finance costs associated with raising bank loans are amortised over the period of the loan. Unamortised finance costs are offset against the loan balance in accordance with FRS 4. On an early repayment of the loan, any unamortised finance costs are charged to the profit and loss account immediately.

**Interest rate swaps**

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group 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.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at that date. All foreign currency gains or losses are taken to the profit and loss account.

The results of overseas operations are translated at the closing rates of exchange for the year and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising are taken to reserves.

**Operating leases**

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

**2 Turnover (including share of joint ventures)**

The turnover and profit on ordinary activities before taxation are attributable to the principal activities of the group.

	2015	2014
	£m	£m
Analysis of turnover by geographical market:		
United Kingdom	199.8	237.1
Germany	-	50.7
Eire	8.4	17.2
Spain	30.5	11.1
Austria	15.4	3.9
Turks and Caicos	2.5	2.7
Ukraine	1.6	5.5
	<u>258.2</u>	<u>328.2</u>

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 September 2015**

**2 Turnover (including share of joint ventures) (continued)**

	2015 £m	2014 £m
Analysis of turnover by investment industry sector or source:		
Rental income	138.3	197.5
Property sales	12.0	61.1
Asset management	4.0	2.7
Hotel operations	103.9	66.9
	<u>258.2</u>	<u>328.2</u>

The directors have not provided any further segmental information on the grounds that to do so would be commercially prejudicial to the group.

**3 Group operating profit**

	2015 £m	2014 £m
This is stated after charging/(crediting):		
Depreciation of owned fixed assets	8.5	6.3
Amortisation of purchased goodwill	0.2	0.1
Impairment in value of investment properties	2.5	33.7
Foreign currency exchange (gain)/loss	(0.7)	15.0
Operating lease charges - land and buildings	11.2	4.8

During the year the group (including its subsidiaries) obtained the following services from the company's auditors and its associates:

	2015 £m	2014 £m
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	0.3	0.3
Taxation compliance services	0.2	0.2
Other taxation advisory services	0.5	0.5
	<u>1.0</u>	<u>1.0</u>
Fees payable to other auditors for the audit of the company's subsidiaries	-	0.1
	<u>1.0</u>	<u>1.1</u>

**4 Exceptional items**

	2015 £m	2014 £m
Profit on sale of tangible fixed assets	8.0	5.5
Profit on sale of subsidiaries	65.4	153.9
	<u>73.4</u>	<u>159.4</u>

The profit on sale of subsidiaries mainly relates to the sales of two hotel operating companies and the group's PFI companies during the year (see note 30).

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 September 2015**

**5 Staff costs**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Employee costs including executive directors amounted to:		
Wages and salaries	24.9	21.2
Social security costs	2.7	2.9
Other pension costs (note 9)	0.3	0.5
	<u>27.9</u>	<u>24.6</u>
Average weekly number of employees including executive directors was:	<b>Number</b>	<b>Number</b>
Hotel operations	902	652
Property services	43	91
Management and administration	61	41
	<u>1,006</u>	<u>784</u>
Directors' remuneration:	<b>£m</b>	<b>£m</b>
Remuneration	<u>0.4</u>	<u>0.4</u>
Highest paid director:		
Remuneration	<u>0.4</u>	<u>0.4</u>

**6 Income from other fixed asset investments**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Dividends received	<u>0.4</u>	<u>21.4</u>

**7 Interest receivable and similar income**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Bank and other interest	6.6	6.5
Finance debtor interest	-	0.8
Share of joint ventures' bank and other interest	-	0.3
Share of associates' bank and other interest	-	0.2
	<u>6.6</u>	<u>7.8</u>

**8 Interest payable and similar charges**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Bank loans	91.5	123.9
Amortisation of finance costs	2.1	4.1
Other loans	9.4	14.9
Share of joint ventures' loan interest and finance costs	0.6	0.7
Share of associates' loan interest and finance costs	2.8	1.4
	<u>106.4</u>	<u>145.0</u>

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 September 2015**

**9 Pension costs**

The group operates defined contribution schemes. The schemes and their assets are managed and held by independent managers. The pension charge represents contributions due from the group to the schemes and amount to £nil million (2014: £nil million). In addition, the group has made contributions to employees' personal pension schemes amounting to £0.3 million (2014: £0.5 million).

**10 Tax on profit on ordinary activities**

	2015 £m	2014 £m
UK corporation tax	0.6	4.8
Share of joint ventures' taxation	0.1	0.1
Overseas taxes	8.3	2.6
Total current taxation	9.0	7.5

**Factors affecting tax charge for year**

From 1 April 2015 the rate of corporation tax has reduced from 21% to 20%, giving a blended average rate for the year of 20.5%.

The tax assessed for the year is different (2014: different) to the blended rate of corporation tax in the UK of 20.5% (2014: 22%). The differences are explained below:

	2015 £m	2014 £m
Profit on ordinary activities before taxation	104.4	190.3
Blended rate of corporation tax in the UK	20.5%	22.0%
	£m	£m
Profit on ordinary activities multiplied by the standard rate of corporation tax	21.4	41.9
Effects of:		
Expenses not deductible for tax purposes	0.6	0.2
Adjustments for profit on sale of subsidiaries	(20.9)	-
Capital allowances for year in excess of depreciation	(0.9)	(1.5)
Realisation of prior year revaluations of investment properties	(2.6)	(0.7)
Indexation allowance for chargeable gains	(0.2)	(1.2)
Losses/(profits) of overseas subsidiaries and joint ventures	8.6	(32.1)
Share of joint ventures' taxation	0.1	0.1
Overseas taxes	8.3	2.6
Utilisation of losses	(5.4)	(2.5)
Carry forward of tax losses to future periods	-	0.7
Current tax charge for the year	9.0	7.5

**Factors that may affect future tax charges**

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

Changes to the UK corporation tax rates were announced in the Chancellor's Budget in July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date the effects are not included in these financial statements.

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 September 2015**

**11 Intangible assets**

**Group  
£m**

**Goodwill:**

**Cost**

At 1 October 2014 and at 30 September 2015

3.0

**Accumulated Amortisation**

At 1 October 2014

1.5

Provided during the year

0.2

At 30 September 2015

1.7

**Net book value**

At 30 September 2015

1.3

At 30 September 2014

1.5

**12 Tangible assets**

**Group**

**2015**

**2014**

**£m**

**£m**

Freehold properties

1,525.8

1,629.3

Long leasehold properties

1,052.1

1,112.4

Freehold operational properties

23.5

-

Leasehold operational properties

35.3

95.3

Fixtures and fittings, plant and equipment

21.8

33.1

At 30 September

2,658.5

2,870.1

**Investment properties**

**Group**

**Freehold  
land and  
buildings  
£m**

**Long leasehold  
land and  
buildings  
£m**

**Total  
£m**

**Valuation**

At 1 October 2014

1,629.3

1,112.4

2,741.7

Currency exchange difference on translation

(2.5)

(0.1)

(2.6)

Additions

21.6

4.4

26.0

Acquisition of subsidiary undertakings

11.1

-

11.1

Surplus on revaluation

4.0

44.5

48.5

Disposals

(6.5)

(10.3)

(16.8)

Disposal of subsidiary undertakings

(131.2)

(98.8)

(230.0)

At 30 September 2015

1,525.8

1,052.1

2,577.9

**Cost**

Cost

1,052.2

500.2

1,552.4

Provision for permanent impairment in value

(80.8)

-

(80.8)

At 30 September 2015

971.4

500.2

1,471.6

At 30 September 2014

1,130.4

470.0

1,600.4

The investment properties were valued by the directors on an open market basis at 30 September 2015. The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
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**12 Tangible assets (continued)**

<b>Operational properties</b>	<b>Freehold</b>	<b>Short</b>	<b>Total</b>
<b>Group</b>	<b>£m</b>	<b>leasehold</b>	<b>£m</b>
		<b>£m</b>	
<b>Cost</b>			
At 1 October 2014	-	126.7	126.7
Currency exchange difference on translation	(0.5)	(0.5)	(1.0)
Acquisition of subsidiary undertakings	0.1	5.0	5.1
Reclassifications	24.7	(24.7)	-
Disposal of subsidiary undertakings	-	(40.0)	(40.0)
At 30 September 2015	<u>24.3</u>	<u>66.5</u>	<u>90.8</u>
<b>Accumulated depreciation</b>			
At 1 October 2014	-	31.4	31.4
Charge for the year	0.8	2.2	3.0
Disposal of subsidiary undertakings	-	(2.4)	(2.4)
At 30 September 2015	<u>0.8</u>	<u>31.2</u>	<u>32.0</u>
<b>Net book value</b>			
At 30 September 2015	<u>23.5</u>	<u>35.3</u>	<u>58.8</u>
At 30 September 2014	<u>-</u>	<u>95.3</u>	<u>95.3</u>
<b>Other tangible assets</b>			
<b>Group</b>			<b>Fixtures and fittings, plant and equipment</b>
			<b>£m</b>
<b>Cost</b>			
At 1 October 2014			56.2
Currency exchange difference on translation			(0.5)
Acquisition of subsidiary undertakings			5.3
Disposal of subsidiary undertakings			(14.1)
At 30 September 2015			<u>46.9</u>
<b>Accumulated depreciation</b>			
At 1 October 2014			23.1
Charge for the year			5.5
Disposals			(3.5)
At 30 September 2015			<u>25.1</u>
<b>Net book value</b>			
At 30 September 2015			<u>21.8</u>
At 30 September 2014			<u>33.1</u>

**13 Investments**

<b>Company</b>	<b>Investments in subsidiary undertakings</b>
	<b>£m</b>
<b>Cost</b>	
At 1 October 2014 and at 30 September 2015	<u>918.2</u>

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

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
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**13 Investments (continued)**

The company holds directly or indirectly share capital in the following subsidiaries, associates and joint ventures:

Company	Country of registration or incorporation	Class of shares held	%
Dowtrade Ltd	England and Wales	Ordinary	100
Graingrade Ltd	England and Wales	Ordinary	100
Interdevelopments Limited	England and Wales	Ordinary	100
London & Regional (Baker Street) Ltd	England and Wales	Ordinary	100
London & Regional (Health Clubs) Ltd	England and Wales	Ordinary	100
LR (Cumbernauld) Limited	England and Wales	Ordinary	100
LR Bondway Ltd	England and Wales	Ordinary	100
LR Healthcare Ltd	England and Wales	Ordinary	100
Trafalgar Private Equity Ltd	England and Wales	Ordinary	100
Heart of the City Limited	England and Wales	Ordinary	100
Hawkfalcon Ltd	England and Wales	Ordinary	100
Hotel (PL Property) Holdco Ltd	England and Wales	Ordinary	100
Hotel (PL Property) Ltd	England and Wales	Ordinary	100
LR (York) Ltd	England and Wales	Ordinary	100
LR (Durham) Ltd	England and Wales	Ordinary	100
LR (City Road) Ltd	England and Wales	Ordinary	100
LR (Long Lane) Ltd	England and Wales	Ordinary	100
Azuremere Limited	England and Wales	Ordinary	100
TPE No. 2 Ltd	England and Wales	Ordinary	100
Lakevilla Ltd	England and Wales	Ordinary	100
Servefix Ltd	England and Wales	Ordinary	100
London & Regional (HC Properties) Ltd	England and Wales	Ordinary	100
Yorkmeadow Ltd	England and Wales	Ordinary	100
London & Regional Hotel Finance Ltd	England and Wales	Ordinary	100
London & Regional Offices Finance Ltd	England and Wales	Ordinary	100
London & Regional Portfolio Finance Ltd	England and Wales	Ordinary	100
LR Office Developments Limited	England and Wales	Ordinary	100
Quidtrade Limited	England and Wales	Ordinary	100
London & Regional Debt Securitisation No.1 Ltd	England and Wales	Ordinary	100
London & Regional Debt Securitisation No.2 PLC	England and Wales	Ordinary	100
Cochrane Square SPV Ltd	Scotland	Ordinary	100
Haymarket SPV Ltd	Scotland	Ordinary	100
London & Regional (Stockport) Limited	England and Wales	Ordinary	100
Am-Coff Ltd	England and Wales	Ordinary	100
Cornice Properties Ltd	England and Wales	Ordinary	100
Richian Ltd	England and Wales	Ordinary	100
London & Regional (Green Park Hotel) Limited	England and Wales	Ordinary	100
London & Regional (Trafalgar Square Hotel) Ltd	England and Wales	Ordinary	100
LR Estates Ltd	England and Wales	Ordinary	100
LR Investments Ltd	England and Wales	Ordinary	100
LR (South Eastern) Ltd	England and Wales	Ordinary	100
Bayford Properties Ltd	England and Wales	Ordinary	100
London & Regional (Bewlay House) Ltd	England and Wales	Ordinary	100
London & Regional (Empire) Ltd	England and Wales	Ordinary	100
London & Regional (Sheffield) Ltd	England and Wales	Ordinary	100
LR (Stratford) Ltd	England and Wales	Ordinary	100
Marshset Ltd	England and Wales	Ordinary	100
Rubtrade Ltd	England and Wales	Ordinary	100
Widerace Ltd	England and Wales	Ordinary	100
LR (Cardiff) Ltd	England and Wales	Ordinary	100
LR Bloomsbury and Skipton Ltd	England and Wales	Ordinary	100
LR (Manchester) Ltd	England and Wales	Ordinary	100
London & Regional (St Georges Court) Limited	England and Wales	Ordinary	100
LR Skipton House Limited	England and Wales	Ordinary	100
Star City Enterprises Limited	BVI	Ordinary	100
London & Regional Caribbean Investments Ltd	England & Wales	Ordinary	100
LR TCI Limited	Turks & Caicos	Ordinary	100
Barvie Sarl	Luxembourg	Ordinary	100
Barvie GmbH	Austria	Ordinary	100
Barvie Barcelona SL	Spain	Ordinary	99.2
Havana Resorts Limited	Guernsey	Ordinary	100
Carbonera SA	Cuba	Ordinary	49
L&R Sunset Member LLC	USA	Ordinary	50
8920 Sunset Boulevard LLC	USA	Ordinary	42.5



**Loopsign Limited**  
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**13 Investments (continued)**

L&R (US) Holdings Manager LLC	USA	Ordinary	100
L&R French Market Member LLC	USA	Ordinary	100
L&R Laurel Project (CA) LLC	USA	Ordinary	75
Laurel Company WeHo LLC	USA	Ordinary	75
Diversified Doral LLC	USA	Ordinary	50
8800 Doral LLC	USA	Ordinary	75
900 Stradella VE LLC	USA	Ordinary	50
Kingsford Holding BV	Netherlands	Ordinary	100
Revalo Holding Company Limited	Cyprus	Ordinary	100
LR Globus LLC	Ukraine	Ordinary	100
Delight City LLC	Ukraine	Ordinary	100
Delight LLC	Ukraine	Ordinary	100
Delight Plus LLC	Ukraine	Ordinary	100
Egido Development Company Limited	Cyprus	Ordinary	100
Scaltex LLC	Ukraine	Ordinary	100
Andacta LLC	Ukraine	Ordinary	100
Global Beit SLU	Spain	Ordinary	100
Playa Real SA	Spain	Ordinary	50
Conjuncto Residencial Talamanco Park SA	Spain	Ordinary	50
Fourth Project 2012 SL	Spain	Ordinary	50
LR Russia AB	Sweden	Ordinary	100
LR Nordic Properties AB	Sweden	Ordinary	100
Mardorella Holding BV	Netherlands	Ordinary	100
Scottfield Corporation Sarl	Luxembourg	Ordinary	100
Sonnle Holding Sarl	Luxembourg	Ordinary	100
Wjaltik Corporation Sarl	Luxembourg	Ordinary	100
Oval Treasury Limited	England & Wales	Ordinary	100
RE Financing No.1 Limited	Ireland	Ordinary	100
RE Financing Holdco Limited	Ireland	Ordinary	100
Peoniemill Limited	Ireland	Ordinary	100
LR Carbonera Limited	England & Wales	Ordinary	100
LR Energy Investments Limited	England & Wales	Ordinary	100
LR Project Ford Limited	England & Wales	Ordinary	100
LR Overseas (US) LLC	USA	Ordinary	100
Southstone SA	Panama	Ordinary	50
LR Operating AB	Sweden	Ordinary	100
LR Advisory AB	Sweden	Ordinary	100
LR Paradise Holding AB	Sweden	Ordinary	100
LR Slavyanka Sun Paradise Holding Ltd	Cyprus	Ordinary	100
LR Ducat Holding AB	Sweden	Ordinary	100
LR Ducat Ltd	Cyprus	Ordinary	100
Andante Ltd	Bermuda	Ordinary	100
Stargrove Ltd	Cyprus	Ordinary	100
LR Swatsky Holding AB	Sweden	Ordinary	100
Uiansky IV & V Ltd	Cyprus	Ordinary	100
LR Zawod Holding AB	Sweden	Ordinary	100
Uktina Zawod LLC	Russia	Ordinary	100
LR VVV Novosibirsk AB	Sweden	Ordinary	100
000 RVL Terminal	Russia	Ordinary	100
LR Logistics Region AB	Sweden	Ordinary	100
000 LRP Logistics	Russia	Ordinary	100
Conemix Ltd	Cyprus	Ordinary	10
Lapalisse Enterprises Limited	Cyprus	Ordinary	10
ZAO RKR	Russia	Ordinary	10
Stormbrook Limited	Cyprus	Ordinary	10
ZAO RKR O	Russia	Ordinary	10
Eaststar Properties Limited	Cyprus	Ordinary	10
000 Vostochnaya Zvezda LLC	Russia	Ordinary	10
Pradesh Trading Limited	Cyprus	Ordinary	10
Fabplus Ltd	Cyprus	Ordinary	10
000 LR Russia Hotel Development	Russia	Ordinary	10
London & Regional Trading Holdings Ltd	England and Wales	Ordinary	100
London & Regional Group Trading No.1 Limited	England and Wales	Ordinary	100
London & Regional Group Trading No.2 Limited	England and Wales	Ordinary	100
London & Regional Group Trading No.3 Limited	England and Wales	Ordinary	100
London & Regional Homes Limited	England and Wales	Ordinary	100
London & Regional Investments Limited	England and Wales	Ordinary	100
LR (SPH) Holding No.2 Limited	England and Wales	Ordinary	100
Greenwich Wharf Limited	England and Wales	Ordinary	100
Greenwich Wharf No.2 Limited	England and Wales	Ordinary	100
London & Regional (HC Sites) Limited	England and Wales	Ordinary	100
Porters RPV Corporation	St Lucia	Ordinary	23

**Loopsign Limited**  
**Notes to the consolidated financial statements**  
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**13 Investments (continued)**

Strand Palace Hotel & Restaurants Limited	England and Wales	Ordinary	100
Greenwich Wharf Management Company Limited	England and Wales	Ordinary	100
RP Hotels (Barbados) Incorporated	Barbados	Ordinary	100
Belfcard Limited	England and Wales	Ordinary	100
LR (Cayman) Limited	England and Wales	Ordinary	100
LR (Cayman Hotel) Limited	Cayman Islands	Ordinary	100
S'Argamassa Hotelera S.A	Spain	Ordinary	50
C.S. Properties	England and Wales	Ordinary	100
Harlequin Property Investments Limited	England and Wales	Ordinary	100
London & Regional 60VE Limited	England and Wales	Ordinary	100
London & Regional Commercial Properties Holdings	England and Wales	Ordinary	100
London & Regional Hotel Holdings Limited	England and Wales	Ordinary	100
London & Regional PFI Projects Holdings Ltd	England and Wales	Ordinary	100
LR (SPH) Holding No.1 Limited	England and Wales	Ordinary	100
Hawkfalcon Limited	England and Wales	Ordinary	100
London & Regional (Health Clubs No.2) Limited	England and Wales	Ordinary	100
Mobyhold Limited	England and Wales	Ordinary	100
First Central Management Company Limited	England and Wales	Ordinary	100
Panama Holding 1 BV	Netherlands	Ordinary	100
Panama Holding 2 BV	Netherlands	Ordinary	100
London and Regional (Panama) SA	Panama	Ordinary	25
Newgate Ventures Sarl	Luxembourg	Ordinary	100
LRP Ukraine LLC	Ukraine	Ordinary	100
London & Regional Group Holdings Limited	England and Wales	Ordinary	100
Loopsign No.2 Limited	England and Wales	Ordinary	100

**13a Investments in associates**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
At 1 October	46.4	47.9
Share of results	1.5	(1.2)
Share of revaluation deficit	(14.2)	-
Exchange adjustments	3.3	(0.3)
At 30 September	<u>37.0</u>	<u>46.4</u>

The Group's sole investment in associates constitutes a 25.0% holding in London & Regional (Panama) S.A. , a property development company, which has been treated as an associate since 31 March 2011, the date of disposal of half of the Group's original 50% interest. The Group exercises significant influence through its representation on the board of the associate.

**13b Interests in joint ventures**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Investments in joint ventures	<u>32.0</u>	<u>26.4</u>
The group's share of the net assets of the joint ventures is as follows:		
<i>Share of assets</i>		
Share of fixed assets	46.9	38.6
Share of current assets	10.2	10.0
	<u>57.1</u>	<u>48.6</u>
<i>Share of liabilities</i>		
Liabilities due within one year	13.9	10.4
Liabilities due after more than one year	11.2	11.8
	<u>25.1</u>	<u>22.2</u>
Share of net assets	<u>32.0</u>	<u>26.4</u>

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**13 Investments (continued)**

**13b Interests in joint ventures (cont.)**

	2015 £m	2014 £m
<b>At 1 October</b>		
Net assets	26.4	6.9
Additions		
Net assets	22.9	21.7
Share of losses retained	(2.0)	(2.2)
Reclassify as unlisted investment	(15.3)	-
<b>At 30 September</b>		
Net assets	32.0	26.4
Deficits in joint ventures not already provided against (see note 20)	-	(0.5)
Investments in joint ventures	32.0	25.9

The group holds the following joint venture investments:

Entity	Holding	Principal Activity
Diversified Doral LLC (USA registered company, an investment held by LR Overseas (US) LLC)	50% shareholding	Property Investment
8800 Doral LLC (USA registered company, an investment held by LR Overseas (US) LLC)	45% shareholding	Property Investment
L&R Sunset Member LLC (USA registered company, an investment held by LR Overseas (US) LLC)	50% shareholding	Property Investment
8920 Boulevard LLC (USA registered company, an investment held by LR Overseas (US) LLC)	42.5% shareholding	Property Investment
900 Sradella VE LLC (USA registered company, an investment held by LR Overseas (US) LLC)	50% shareholding	Property Investment
Carbonera Golf & Conutry Club SA (Cuba registered company, an investment held by Havana Resorts Limited)	49% shareholding	Property Investment
S'Argamassa Hotelera SA (Spain registered company, an investment held by London & Regional Group Trading No.3 Limited)	50% shareholding	Hotel
Fourth Project 2012 SL (Spain registered company, an investment held by Mardorella Holding BV)	50% shareholding	Property investment
Playa Real SA (Spain registered company, an investment held by Global Belit SLU)	50% shareholding	Hotel
Conjuncto Residencial Talamanca Park SL (Spain registered company, an investment held by Global Belit SLU)	50% shareholding	Property investment

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**13 Investments (continued)**

**13c Other investments other than loans**

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Listed investments	4.4	5.5
Unlisted investments	65.0	41.4
	<u>69.4</u>	<u>46.9</u>
<b>Listed investments</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Listed investments - market value	4.4	5.5

Listed investments comprise shares quoted on stock exchanges in Amsterdam and London.

**Unlisted investments**

Unlisted investments mainly comprise an investment of £42.2 million (2014: £27.3 million), being 8.03% holdings in two limited liability partnerships which indirectly hold interests in a healthcare group, an investment of £15.4m (2014: £nil) being a reclassification of joint venture investment which has been sold post year end, an investment of £nil million (2014: £10.9 million), being a loan portfolio acquired in July 2013, which is secured over distressed property assets in the UK, Spain and Poland, and investments in energy funds £7.0 million (2014: £1.5 million). No interest is being received on the loan portfolio, which is being repaid out of the proceeds of selling the property assets.

	<b>Group</b>	
<b>14 Stocks</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Properties held for sale	3.5	4.7
Land and development work in progress	107.0	92.6
Stocks	0.4	0.8
	<u>110.9</u>	<u>98.1</u>

	<b>Group</b>	
<b>15 Debtors</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Amounts falling due within one year:		
Trade debtors	7.0	15.4
Amounts owed by associates	34.4	34.1
Amounts owed by joint ventures (note 33)	12.4	7.6
Other debtors	129.5	98.5
Prepayments and accrued income	73.3	5.7
Amounts recoverable under PFI contracts	-	0.8
	<u>256.6</u>	<u>162.1</u>
Amounts falling due after more than one year:		
Amounts recoverable under PFI contracts	-	14.9
	<u>-</u>	<u>14.9</u>

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**16 Investments held as current assets**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Unlisted investments	1.3	1.2

These investments are held at cost as, in the directors opinion, the market value is not materially different to the cost.

**17 Creditors: amounts falling due within one year**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Bank loans and overdrafts (note 19)	100.6	55.5
Loan notes (note 19)	-	31.5
Trade creditors	12.1	15.1
Corporation tax	9.9	5.8
Other taxation and social security	5.5	5.6
Other creditors	42.0	40.7
Accruals and deferred income	59.9	75.9
	<u>230.0</u>	<u>230.1</u>

Bank loans and overdrafts are stated net of finance charges of £1.7 million (2014: £2.2 million) to be allocated to the following year.

The bank loans and overdrafts are secured by fixed charges over the investment properties and properties held for sale. Amounts owed to parent undertaking were non interest bearing, unsecured and repayable on demand.

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Amounts owed to group undertakings	39.9	39.9

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

**18 Creditors: amounts falling due after more than one year**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Bank loans and overdrafts (note 19)	1,084.1	1,049.7
Loan notes (note 19)	173.8	309.0
Other loans (note 19)	6.9	5.9
Non-equity preference shares	197.2	197.2
	<u>1,462.0</u>	<u>1,561.8</u>

Bank loans are stated net of finance charges of £5.1 million (2014: £4.5 million) to be allocated to future periods.

Bank loans and loan notes are secured by fixed charges over the investment properties and properties held for sale.

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19 Loans	Group	
	2015 £m	2014 £m
Loans are repayable as follows:		
Bank loans and overdrafts	1,184.7	1,105.2
Loan notes	173.8	340.5
Other loans	6.9	5.9
	<u>1,365.4</u>	<u>1,451.6</u>
Analysis of maturity of debt:		
Within one year or on demand	100.6	87.0
Between one and two years	26.1	72.9
Between two and five years	1,235.9	1,220.9
After five years	2.8	70.8
	<u>1,365.4</u>	<u>1,451.6</u>

The bank loans and loan notes are secured by fixed charges over the investment properties and properties held for sale. The bank loans are repayable by instalments from surplus rental income and by bullets on fixed repayment dates. The bank loans and loan notes bear interest at LIBOR plus a margin and, in most cases, the interest rate is effectively fixed through hedging. The loan notes are listed on the Irish Stock Exchange.

Other loans bear interest at 6.6% per annum and are repayable in instalments between 2018 and 2020.

**20 Provisions for liabilities**

	Group		
	Life Cycle £m	Deficits in Joint Ventures £m	Total £m
At 1 October 2014	0.7	0.5	1.2
Released on termination of PFI agreements	(0.7)	(0.5)	(1.2)
At 30 September 2015	<u>-</u>	<u>-</u>	<u>-</u>

The provision for deficits in joint ventures in the prior year related to the group's share of the net liabilities of joint ventures at the year end (note 13). The life cycle provision related to contractual obligations under PFI project agreements in respect of life cycle replacement programmes and was released on expiry of the PFI agreements.

**21 Called up share capital**

		Group & company	
		2015 £	2014 £
Authorised:			
998 ordinary shares of £1 each		998	998
A ordinary shares of £1 each		1	1
B ordinary shares of £1 each		1	1
		<u>1,000</u>	<u>1,000</u>
		2015 £	2014 £
Nominal value	2015 and 2014 Number		
Allotted, called up and fully paid:			
998 ordinary shares of £1 each	2	2	2
A ordinary shares of £1 each	1	1	1
B ordinary shares of £1 each	1	1	1
		<u>4</u>	<u>4</u>

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<b>22 Revaluation reserve</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
At 1 October	1,246.0	772.5
Currency exchange difference on translation	2.9	2.2
Arising on revaluation of investment properties	51.7	452.3
Arising on revaluation of fixed asset investments	-	0.1
Transfer (to)/from profit and loss reserve on realisation	(82.2)	18.9
At 30 September	<u>1,218.4</u>	<u>1,246.0</u>

<b>23 Merger reserve</b>	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
At 1 October	52.9	52.9
Released on disposal of subsidiaries	13.7	-
At 30 September	<u>66.6</u>	<u>52.9</u>

<b>24 Profit and loss reserve</b>	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
At 1 October	342.3	176.9
Currency exchange difference on translation	(16.5)	0.4
Profit for the financial year	95.4	182.9
Transfer from/(to) revaluation reserve on realisation	82.2	(18.9)
Realised on disposal/dissolution of subsidiaries	(20.5)	-
Other movements	8.7	1.0
At 30 September	<u>491.6</u>	<u>342.3</u>

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
At 1 October	878.3	878.3
Profit/(loss) for the financial year	-	-
At 30 September	<u>878.3</u>	<u>878.3</u>

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**25 Reconciliation of movements in shareholders' funds**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
At 1 October	1,641.3	1,002.4
Profit for the financial year	95.4	182.9
Currency exchange difference on translation	(13.6)	2.6
Unrealised surplus on revaluation of properties	51.7	452.3
Unrealised gain arising on revaluation of fixed asset investments	-	0.1
Arising on disposal of subsidiaries	(6.8)	-
Other movements	8.7	1.0
At 30 September	<u>1,776.7</u>	<u>1,641.3</u>

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
At 1 October	852.0	852.0
Profit/(loss) for the financial year	0.0	0.0
At 30 September	<u>852.0</u>	<u>852.0</u>

**26 Notes to the cash flow statement**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	125.0	147.0
Depreciation and amortisation charges	8.7	6.4
(Increase)/decrease in stocks	(12.8)	24.4
(Increase)/decrease in debtors	(122.4)	85.9
Increase/(decrease) in creditors	108.1	(7.8)
Impairment in value of assets	-	0.8
Other non-cash changes	(4.2)	11.3
<b>Net cash inflow from operating activities</b>	<u>102.4</u>	<u>268.0</u>
<b>Returns on investments and servicing of finance</b>		
Dividends received	0.4	21.4
Interest received	7.8	8.0
Interest paid	(106.4)	(138.2)
Finance costs incurred	(2.2)	6.7
	<u>(100.4)</u>	<u>(102.1)</u>
<b>Taxation</b>		
Payments of corporation tax	<u>(4.8)</u>	<u>(3.8)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(26.0)	(271.7)
Proceeds on sale of fixed assets	24.8	32.8
	<u>(1.2)</u>	<u>(238.9)</u>
<b>Acquisitions and disposals</b>		
Payments to acquire investments	(4.3)	(5.0)
Proceeds on sale of investments	11.0	54.2
Purchase of interests in joint ventures	(21.0)	(18.0)
Proceeds on sale of subsidiaries	200.5	29.4
Cash disposed of with subsidiaries	(50.7)	(13.6)
Loans disposed of with subsidiaries	103.8	-
Purchase of subsidiaries	(14.7)	(30.2)
Cash and loans acquired in subsidiaries	0.5	2.7
	<u>225.1</u>	<u>19.5</u>
<b>Financing</b>		
New loans raised	84.8	91.1
Movement in loans	(167.2)	(98.5)
	<u>(82.4)</u>	<u>(7.4)</u>



**Loopsign Limited**  
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**27 Fair values of financial instruments**

The group 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 group's exposure to interest rate fluctuations. The group has also entered into RPI swaps to hedge variable index-linked rental income. The fair value of the interest rate and RPI swaps outstanding is a negative £274.1m (2014: negative £262.5m) at the balance sheet date.

**28 Other operating lease commitments**

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

	Land and buildings 2015	Land and buildings 2014
	£m	£m
Operating leases which expire: in over five years	5.6	6.1

29 Purchase of subsidiaries	Book value	Fair value adjustments	Fair value
	2015	2015	2015
	£m	£m	£m
Fixed assets	5.4	10.7	16.1
Stock	0.0	-	0.0
Debtors	1.0	-	1.0
Cash	0.5	-	0.5
Creditors	(3.1)	-	(3.1)
	3.8	10.7	14.5
Goodwill			0.2
			14.7
Satisfied by:			
Cash			14.7

During the year, the group acquired 100% of the issue share capital of Belfcard Limited, LR (Long Lane) Limited and its wholly-owned subsidiary Azuremere Limited for a total consideration of £14.7 million.

30 Sale of subsidiaries	2015 £m
Fixed assets	276.8
Stock	0.2
Debtors	46.5
Cash	50.7
Creditors	(137.0)
Bank and other loans	(103.8)
	133.4
Disposal costs	1.7
Profit on disposal	65.4
Net proceeds on disposal	200.5
Satisfied by:	
Cash received from sale	122.9
Cash held	77.6
Cash consideration	200.5

**31 Contingent liabilities**

The company has given some limited guarantees to third parties in relation to certain loan and other agreements entered into by its indirect subsidiaries.

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**32 Events after the balance sheet date**

In June 2016 the group acquired a portfolio of UK hotels for £536 million funded by bank loans and equity. The group has completed property disposals of £165 million since 30 September 2015. These events are non-adjusting.

**33 Related party transactions**

The company has taken advantage of the exemption under paragraph 3 of FRS8 (Related party disclosures) not to disclose transactions with other entities within the group.

At 30 September 2015 the group had made the following loans to related parties, all of which are included in other debtors in note 15:

- £8.5 million (2014: £10.8 million) to Gloucester Capital Limited, a company ultimately controlled by I M Livingstone, and bearing interest at 6.18% per annum
- EUR 26.4 million (2014: EUR 25.5 million) to Tempelhof Holding BV, a company ultimately controlled by R J Livingstone, and bearing interest at 3.75% per annum
- EUR 32.6 million (2014: EUR 31.0 million) to Tempelhof Holding BV, a company ultimately controlled by R J Livingstone, and bearing interest at 5.0% per annum
- EUR 26.4 million (2014: EUR 28.5 million) to Orly Holding BV, a company ultimately controlled by the trustees of the group's employee benefit trusts, and bearing interest at 5.85% per annum .

At 30 September 2015 the group owed £9.5 million (2014: £26.7 million) to I M Livingstone and R J Livingstone, the ultimate controlling parties of the group. The loan is included in other creditors in note 17. The loan is interest free and repayable on demand.

**34 Ultimate controlling parties**

The ultimate controlling parties are I M Livingstone and R J Livingstone.