

Registered number
05788421

London & Regional (HC Properties) Limited

Report and accounts

**for the period 20 April 2006 to
30 September 2007**

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London & Regional (HC Properties) Limited
Report and accounts
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London & Regional (HC Properties) Limited
Company information

Directors

Mr R N Luck

Mr C King

Company secretary

Mr R N Luck

Registered office

Quadrant House, Floor 6

17 Thomas More Street

Thomas More Square

London E1W 1YW

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

Registered number

05788421

London & Regional (HC Properties) Limited
Director's report for the period from 20 April 2006 to 30 September 2007

The directors present their report and the audited accounts of the company for the period from incorporation on 20 April 2006 to 30 September 2007

Principal activities and review of the business

The company acts as a property investment and a holding company. During the period the company acquired a portfolio of health club properties. The directors consider the financial position at 30 September 2007 to be satisfactory.

Results and dividends

The results for the period are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

Directors

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

Mr R N Luck (appointed 20 April 2006)

Mr C King (appointed 20 April 2006)

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Loopsign Limited. The directors have received confirmation that Loopsign Limited intend to support the company for at least one year after these financial statements are signed.

Qualifying third party indemnity provisions

The company 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 1985.

Independent auditors and disclosure of information to auditors

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The company passed an elective resolution during the period, pursuant to Section 386 of the Companies Act 1985, electing to dispense with the obligation to re-appoint auditors annually. The resolution remains in force.

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

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

By order of the board



Mr R N Luck
Company secretary
14th May 2008

London & Regional (HC Properties) Limited

Statement of directors' responsibilities for the period from 20 April 2006 to 30 September 2007

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations


Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Mr R N Luck

Company secretary

19th May 2008

London & Regional (HC Properties) Limited

Independent auditors' report to the members' of London & Regional (HC Properties) Limited

We have audited the financial statements of London & Regional (HC Properties) Limited for the period from 20 April 2006 to 30 September 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



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

19 May 2008

London & Regional (HC Properties) Limited
Profit and loss account
for the period from 20 April 2006 to 30 September 2007

	Note	2007 £
Turnover	2	2,405,001
Administrative expenses		(72,219)
Operating profit		<u>2,332,782</u>
Interest receivable and similar income		301
Interest payable and similar charges	4	(2,662,915)
Loss on ordinary activities before taxation		<u>(329,832)</u>
Taxation on loss on ordinary activities	6	-
Loss for the financial period	14	<u>(329,832)</u>

All amounts relate to continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss stated above and their historical costs equivalents

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

London & Regional (HC Properties) Limited
Statement of total recognised gains and losses
for the period from 20 April 2006 to 30 September 2007

	2007 £
Loss for the period	(329,832)
Unrealised surplus on revaluation of properties	3,030,000
Total recognised gains and losses related to the period	<u>2,700,168</u>

London & Regional (HC Properties) Limited
Balance sheet
as at 30 September 2007

	Note	2007 £
Fixed assets		
Investment properties	7	225,030,000
Investments	8	36,391,569
		<u>261,421,569</u>
Current assets		
Debtors	9	1
Cash at bank and in hand		3,180,066
		<u>3,180,067</u>
Creditors: amounts falling due within one year	10	(76,898,290)
Net current liabilities		<u>(73,718,223)</u>
Total assets less current liabilities		<u>187,703,346</u>
Creditors: amounts falling due after more than one year	11	(185,003,177)
Net assets		<u>2,700,169</u>
Capital and reserves		
Called up share capital	12	1
Investment revaluation reserve	13	3,030,000
Profit and loss account	14	(329,832)
Total equity shareholders' deficit	15	<u>2,700,169</u>



Mr R N Luck
Director

15th May 2008

London & Regional (HC Properties) Limited
Notes to the accounts
for the period from 20 April 2006 to 30 September 2007

1 Accounting policies

Basis of preparation

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

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Loopsign Limited. The directors have received confirmation that Loopsign Limited intend to support the company for at least one year after these financial statements are signed.

Finance costs

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

Depreciation

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

Investment properties

In accordance with SSAP 19, investment properties are revalued by the 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 1985 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the director considers that to depreciate would not give a true and fair view.

The depreciation (which would, had the provisions of the Act been followed, have increased the loss for the year) is only one of the factors reflected in the valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cash flow statement on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cashflow statement.

Exemption from consolidation

The financial statements contain information about London & Regional (HC Properties) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, London & Regional Group Holdings Limited, a company incorporated in England and Wales.

London & Regional (HC Properties) Limited
Notes to the accounts
for the period from 20 April 2006 to 30 September 2007

1 Accounting policies (continued)

Turnover

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

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment
Impairment reviews are performed by the directors when there has been an indication of potential impairment

2 Turnover

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

3 Operating loss **2007**
£

Operating loss is stated after charging
Auditors' remuneration

-

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

4 Interest payable and similar charges **2007**
£

On borrowings wholly repayable within one year	2,606,282	
Amortisation of loan fees	56,633	
	2,662,915	

5 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company

6 Tax on loss on ordinary activities

No provision for taxation is made due to the taxable losses in the year

7 Investment properties

	Freehold land and buildings £	Long leasehold land and buildings £	Total £
Valuation			
At 20 April 2006	-	-	-
Additions	168,830,000	53,170,000	222,000,000
Surplus on revaluation	3,030,000	-	3,030,000
At 30 September 2007	171,860,000	53,170,000	225,030,000
 At cost	 171,860,000	 53,170,000	 225,030,000

The investment properties were valued by the directors on an open market value basis at 30 September 2007

The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom

London & Regional (HC Properties) Limited
Notes to the accounts
for the period from 20 April 2006 to 30 September 2007

8 Investments

	Investments in subsidiary undertakings £
Cost	
Addition	36,391,569
At 30 September 2007	<u>36,391,569</u>

The company holds 100% of the share capital of the following company

Company	Shares held Class	%
Yorkmeadow Limited	Ordinary	100

The principal activities of the company is property investment and development The company is incorporated in England and Wales

9 Debtors

	2007 £
Other debtors	<u>1</u>
Other debtors relate to unpaid share capital	

10 Creditors amounts falling due within one year

	2007 £
Amounts owed to group undertakings	74,064,926
Other creditors	139,878
Accruals and deferred income	<u>2,693,486</u>
	<u>76,898,290</u>

11 Creditors amounts falling due after one year

	2007 £
Bank loan	186,816,800
Financing costs	<u>(1,813,623)</u>
	<u>185,003,177</u>
Maturity of debt	2007 £
Analysis of maturity of debt	
Within one year or on demand	-
Between one and two years	-
Between two and five years	-
After five years	<u>186,816,800</u>
	<u>186,816,800</u>

The bank loan is secured over the investment properties of the company and those of related undertakings. The loan is repayable from net rental income after bank interest and by a bullet repayment on 23 January 2014. It bears interest at a margin of 1.65% over LIBOR. Interest rate swaps have been taken out to hedge LIBOR fluctuations.

London & Regional (HC Properties) Limited
Notes to the accounts
for the period from 20 April 2006 to 30 September 2007

12 Called up share capital		2007
		£
Authorised		
1,000 ordinary shares of £1 each		1,000
	Number	£
Allotted share capital not paid	<u>1</u>	<u>1</u>
On incorporation the company issued one ordinary £1 share at par for cash		

13 Investment revaluation reserve		2007
		£
Arising on revaluation during the period		3,030,000
At 30 September 2007		<u>3,030,000</u>

14 Profit and loss account		2007
		£
Loss for the financial period		(329,832)
At 30 September 2007		<u>(329,832)</u>

15 Reconciliation of movement in shareholder's deficit		2007
		£
Net proceeds of issue of ordinary share capital		1
Other recognised gains and losses		3,030,000
Loss for the financial period		(329,832)
At 30 September 2007		<u>2,700,169</u>

- 16 Related party transactions**
The company has taken advantage of the exemption in FRS 8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group

- 17 Parent undertaking and controlling party**
The company is a wholly owned subsidiary of London & Regional Investment Holdings Limited

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

Copies of the Loopsign Limited and London & Regional Investment Holdings Limited consolidated financial statements can be obtained from the Company Secretary at
Quadrant House, Floor 6
17 Thomas More Street
Thomas More Square
London
E1W 1YW

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of Loopsign Limited

London & Regional (HC Properties) Limited
Profit and loss account
for the period from 20 April 2006 to 30 September 2007
for the information of the directors only

	2007
	£
Sales	2,405,001
Administrative expenses	(72,219)
Operating profit	<u>2,332,782</u>
Interest receivable	301
Interest payable	(2,662,915)
Loss before tax	<u>(329,832)</u>

London & Regional (HC Properties) Limited
Schedule to the profit and loss account
for the period from 20 April 2006 to 30 September 2007
for the information of the directors only

	2007 £
Sales	
Rent received	2,405,001
Legal and professional costs	
Bank charges	69
Management fees	72,150
	<u>72,219</u>