

Registered number
05788421

London & Regional (HC Properties) Limited

Annual report and financial statements

**for the year to
30 September 2008**

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London & Regional (HC Properties) Limited
Annual report and financial statements for the year ended 30 September 2008

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London & Regional (HC Properties) Limited
Company information for the year ended 30 September 2008

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

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London & Regional (HC Properties) Limited
Directors' report for the year ended 30 September 2008

The directors present their report and the audited accounts of the company for the year from ended 30 September 2008.

Principal activities and review of the business

The company acts as a property investment and holding company. The directors consider the financial position at 30 September 2008 to be satisfactory.

Principal Risks and Uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. Further discussion of the risks and uncertainties, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Key Performance Indicators

The company is managed by the Directors in accordance with its ultimate parent company, Loopsign Ltd, group strategies and for this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Results and dividends

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2007: nil).

Directors

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

Mr R N Luck
Mr C King

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of London & Regional (Health Clubs No. 2) Limited. The directors have received confirmation that London & Regional (Health Clubs No. 2) 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.

In the absence of a notice proposing that their appointment be terminated, PricewaterhouseCoopers LLP, are deemed to have been re-appointed as auditors for the next year.

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
26 June 2009

London & Regional (HC Properties) Limited

Statement of directors' responsibilities for the year ended 30 September 2008

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 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.

By order of the board



Mr R N Luck

Company secretary

26 June 2009

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 year ended 30 September 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 annual report and 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 2008 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
London

30 June 2009

London & Regional (HC Properties) Limited
Profit and loss account
for the year ended 30 September 2008

	Note	Year ended 2008 £	Period from 20 April 2006 to 30 September 2007 £
Turnover	2	12,842,191	2,405,001
Administrative expenses		(402,951)	(72,219)
Other operating income		15,000	-
Operating profit		<u>12,454,240</u>	<u>2,332,782</u>
Interest receivable and similar income		149,652	301
Interest payable and similar charges	5	(13,350,976)	(2,662,915)
Loss on ordinary activities before taxation		<u>(747,084)</u>	<u>(329,832)</u>
Taxation on loss on ordinary activities	6	-	-
Loss for the financial year	14	<u>(747,084)</u>	<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.

London & Regional (HC Properties) Limited
Statement of total recognised gains and losses
for the year ended 30 September 2008

	2008 £	2007 £
Loss for the financial year	(747,084)	(329,832)
Unrealised (deficit)/surplus on revaluation of properties	(12,416,000)	3,030,000
Total recognised gains and losses related to the year	<u>(13,163,084)</u>	<u>2,700,168</u>

London & Regional (HC Properties) Limited
Balance sheet as at 30 September 2008

	Note	2008 £	2007 £
Fixed assets			
Investment properties	7	212,614,000	225,030,000
Investments	8	<u>36,391,569</u>	<u>36,391,569</u>
		249,005,569	261,421,569
Current assets			
Debtors	9	356,773	1
Cash at bank and in hand		<u>3,851,040</u>	<u>3,180,066</u>
		4,207,813	3,180,067
Creditors: amounts falling due within one year	10	(78,421,129)	(76,898,290)
Net current liabilities		<u>(74,213,316)</u>	<u>(73,718,223)</u>
Total assets less current liabilities		<u>174,792,253</u>	<u>187,703,346</u>
Creditors: amounts falling due after more than one year	11	(185,255,168)	(185,003,177)
Net (liabilities)/assets		<u>(10,462,915)</u>	<u>2,700,169</u>
Capital and reserves			
Called up share capital	12	1	1
Investment revaluation reserve	13	(9,386,000)	3,030,000
Profit and loss account	14	<u>(1,076,916)</u>	<u>(329,832)</u>
Total shareholders' (deficit)/ funds	15	<u>(10,462,915)</u>	<u>2,700,169</u>

These financial statements were approved by the Board of Directors on 26 June 2009 and signed on its behalf by



Mr C King
Director

26 June 2009

London & Regional (HC Properties) Limited
Notes to the accounts
for the year ended 30 September 2008

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 except as noted below 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 London & Regional (Health Clubs No. 2) Limited. The directors have received confirmation that London & Regional (Health Clubs No. 2) 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 year ended 30 September 2008

1 Accounting policies (continued)

Turnover

Turnover represents rental income, net of value added tax, which is recognised over the term of the lease on a straight-line basis.

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

	Year ended 30 September 2008 £	Period from 20 April 2006 to 30 September 2007 £
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Operating loss is stated after charging:

Auditors' remuneration

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

4 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2007 : £nil).

The company has no employees (2007: nil) other than the directors.

The above details of directors' emoluments do not include the emoluments which are paid by a fellow subsidiary and recharged to the company as part of a management charge. This management charge, which in 2008 amounted to £385,266 (2007: £72,150), also includes a recharge of administration costs borne by the fellow subsidiary on behalf of the company and it is not possible to identify separately the amount of the directors' emoluments. Mr King is a director of the parent company and a number of fellow subsidiary companies and Mr Luck is an employee of a fellow subsidiary. The total emoluments of Mr King are included in the aggregate of directors' emoluments included in the financial statements of the parent company. The total emoluments of Mr Luck are included in the aggregate of employee wages and salaries included in the financial statements of the parent company.

5 Interest payable and similar charges

	Year ended 30 September 2008 £	Period from 20 April 2006 to 30 September 2007 £
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On borrowings wholly repayable within one year

13,051,013 2,606,282

Amortisation of loan fees

299,963 56,633

13,350,976 2,662,915

6 Tax on loss on ordinary activities

No tax has been provided for due to the availability of losses through group relief.

Factors affecting the tax charge for the period:

From 01 April 08 the rate of corporation tax has reduced from 30% to 28%, giving a blended average rate for the year of 29%.

London & Regional (HC Properties) Limited
Notes to the accounts
for the year ended 30 September 2008

Tax on loss on ordinary activities (cont.)

The tax assessed for the year is lower (2007: lower) than the blended/standard rate of corporation tax in the UK of 29% (2007: 30%). The differences are explained below:

	Year ended 30 September 2008 £	Period from 20 April 2006 to 30 September 2007 £
Loss on ordinary activities before taxation	<u>(747,084)</u>	<u>(329,832)</u>
Profit on ordinary activities multiplied by blended (2007: standard) rate of corporation tax in the UK of 29% (2007: 30%)	(216,654)	(98,950)
Effects of:		
Surrender of tax losses	<u>216,654</u>	<u>98,950</u>
Total current tax charge	<u>-</u>	<u>-</u>

The company surrendered the benefit of tax losses amounting to £747,084 (2007: 329,832) to fellow subsidiary undertakings without receiving any payment.

7 Investment properties

Valuation	Freehold land and buildings £	Long leasehold land and buildings £	Total £
At 1 October 2007	171,860,000	53,170,000	225,030,000
Reclassifications	9,660,000	(9,660,000)	-
Deficit on revaluation	<u>(10,690,000)</u>	<u>(1,726,000)</u>	<u>(12,416,000)</u>
At 30 September 2008	<u>170,830,000</u>	<u>41,784,000</u>	<u>212,614,000</u>
At cost	<u>178,490,000</u>	<u>43,510,000</u>	<u>222,000,000</u>

The investment property was valued on an open market valuation basis as at 30 September 2008 by the directors with the advice of independent valuers.

8 Investments

Cost	Investments in subsidiary undertakings £
At 1 October 2007 and 30 September 2008	<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 are property investment and development. The company is incorporated in England and Wales.

London & Regional (HC Properties) Limited
Notes to the accounts
for the year ended 30 September 2008

9 Debtors	2008	2007
	£	£
Trade debtors	15,000	-
Amounts owed by group undertakings	329,871	-
Other debtors	11,902	1
	<u>356,773</u>	<u>1</u>

Other debtors relate to unpaid share capital.

10 Creditors: amounts falling due within one year	2008	2007
	£	£
Amounts owed to group undertakings	75,899,155	74,064,926
Other creditors	29,666	139,878
Accruals and deferred income	2,492,308	2,693,486
	<u>78,421,129</u>	<u>76,898,290</u>

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

11 Creditors: amounts falling due after one year	2008	2007
	£	£
Bank loan	186,816,800	186,816,800
Financing costs	(1,561,632)	(1,813,623)
	<u>185,255,168</u>	<u>185,003,177</u>

Maturity of debt	2008	2007
	£	£
Analysis of maturity of debt:		
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 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.

12 Called up share capital	2008	2007
	£	£
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2008	2007
	Number	Number
	£	£
Allotted share capital not paid:	<u>1</u>	<u>1</u>

13 Investment revaluation reserve	£
At 1 October 2007	3,030,000
Arising on revaluation during the year	(12,416,000)
At 30 September 2008	<u>(9,386,000)</u>

14 Profit and loss account	£
At 1 October 2007	(329,832)
Loss for the financial year	(747,084)
At 30 September 2008	<u>(1,076,916)</u>

London & Regional (HC Properties) Limited
Notes to the accounts
for the year ended 30 September 2008

15 Reconciliation of movement in shareholder's deficit	2008	2007
	£	£
At 1 October	2,700,169	-
Net proceeds of issue of ordinary share capital	-	1
Other recognised gains and losses	(12,416,000)	3,030,000
Loss for the financial year	(747,084)	(329,832)
At 30 September	<u>(10,462,915)</u>	<u>2,700,169</u>

15 Events after the balance sheet date

On 28 November 2008, as part of a group-wide restructuring, all the shares in the company were transferred from London & Regional Investment Holdings Limited to London & Regional (Health Clubs) Limited.

16 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is wholly owned subsidiary of a group headed by Loopsign Ltd, whose accounts are publically available.

17 Parent undertaking and controlling party

The immediate parent undertaking is London & Regional (Health Clubs) Limited.

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

Loopsign Ltd is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2008. The consolidated financial statements of Loopsign Limited 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.