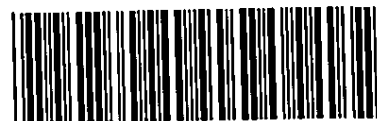


Registered number  
057933113

**London & Regional (HC Sites) Limited**

**Report and accounts  
for the period 24 April 2006 to  
30 September 2007**

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

**Directors**

Mr R N Luck  
Mr C King  
Mr S Lloyd  
Mr I Harris

**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**

057933113

## **London & Regional (HC Sites) Limited**

### **Director's report for the period from 24 April 2006 to 30 September 2007**

The directors present their report and the audited accounts of the company for the period from incorporation on 24 April 2006 to 30 September 2007

#### **Principal activities and review of the business**

The company acts as a property development company. During the period the company acquired a portfolio of sites. 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 of the financial statements were

Mr R N Luck (appointed 24 April 2006)

Mr C King (appointed 24 April 2006)

Mr M Hinds (appointed 9 February 2007 and resigned 23 November 2007)

Mr S Lloyd (appointed 9 February 2007)

Mr I Harris (appointed 23 November 2007)

#### **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

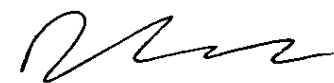
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

During the period ended 30 September 2007 PricewaterhouseCoopers LLP were appointed auditors.

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.

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

19<sup>th</sup> May 2008

**London & Regional (HC Sites) Limited**

**Statement of director's responsibilities for the period from 24 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

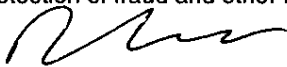
Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give 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**

19<sup>th</sup> May 2008

## **London & Regional (HC Sites) Limited**

### **Independent auditors' report to the members' of London & Regional (HC Sites) Ltd**

We have audited the financial statements of London & Regional (HC Sites) Limited for the period from 24 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*

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

19 May 2008

**London & Regional (HC Sites) Limited**  
**Profit and loss account**  
**for the period from 24 April 2006 to 30 September 2007**

|  | Note | 2007<br>£       |
|--|------|-----------------|
| Interest payable and similar charges               | 4    | (68,164)        |
| <b>Loss on ordinary activities before taxation</b> |      | <u>(68,164)</u> |
| Tax on loss on ordinary activities                 | 6    | -               |
| <b>Loss for the financial period</b>               | 12   | <u>(68,164)</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 Sites) Limited**  
**Balance sheet**  
**as at 30 September 2007**

|  | Note | 2007<br>£            |
|--|------|----------------------|
| <b>Current assets</b>  |      |                      |
| Development properties   | 7    | 7,500,000            |
| Debtors  | 8    | <u>1</u>             |
|  |      | 7,500,001            |
| <br><b>Creditors' amounts falling due within one year</b>          | 9    | <br>(3,104,059)      |
| <br><b>Net current assets</b>                                      |      | <br><u>4,395,942</u> |
| <br><b>Total assets less current liabilities</b>                   |      | <br><u>4,395,942</u> |
| <br><b>Creditors' amounts falling due after more than one year</b> | 10   | <br>(4,464,105)      |
| <br><b>Net liabilities</b>   |      | <br><u>(68,163)</u>  |
| <br><b>Capital and reserves</b>                                    |      |                      |
| Called up share capital  | 11   | 1                    |
| Profit and loss account  | 12   | (68,164)             |
| <br><b>Total equity shareholders' deficit</b>                      | 13   | <br><u>(68,163)</u>  |



Mr R N Luck

Director

19<sup>th</sup> May 2008



**London & Regional (HC Sites) Limited**  
**Notes to the accounts**  
**for the period from 24 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.

**Development properties**

Development properties represent property held with the intention of resale. 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.

**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.

**London & Regional (HC Sites) Limited**

**Notes to the accounts**

**for the period from 24 April 2006 to 30 September 2007**

**1 Accounting policies (continued)**

**Cash flow statement**

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

**Turnover**

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

**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 profit**

**2007**  
**£**

Operating profit is stated after charging  
Auditors' remuneration

-

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

**4 Interest payable and similar charges**

**2007**  
**£**

Bank loans and overdrafts  
Amortisation of loan fees

62,780

5,384

68,164

**5 Directors' emoluments**

The directors did not receive any emoluments in respect of their services to the company (2006 £nil)

**6 Tax on loss on ordinary activities**

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

**7 Development properties**

**2007**  
**£**

Development properties

7,500,000

**8 Debtors**

**2007**  
**£**

Other debtors

1

Other debtors relate to unpaid share capital

**London & Regional (HC Sites) Limited**  
**Notes to the accounts**  
**for the period from 24 April 2006 to 30 September 2007**

|  |                  |
|--|------------------|
| <b>9 Creditors amounts falling due within one year</b> | <b>2007</b>      |
|  | <b>£</b>         |
| Amounts owed to group undertakings                     | 3,041,280        |
| Accruals and deferred income                           | 62,779           |
|  | <u>3,104,059</u> |

|  |                  |
|--|------------------|
| <b>10 Creditors amounts falling due after one year</b> | <b>2007</b>      |
|  | <b>£</b>         |
| Bank loan  | 4,500,000        |
| Financing costs  | (35,895)         |
|  | <u>4,464,105</u> |

|                              |                  |
|------------------------------|------------------|
| <b>Maturity of debt</b>      | <b>2007</b>      |
|                              | <b>£</b>         |
| Analysis of maturity of debt | -                |
| Within one year or on demand | -                |
| Between one and two years    | 4,500,000        |
| Between two and five years   | -                |
| After five years             | <u>4,500,000</u> |

The bank loan is secured over the development properties of the company and properties of related undertakings. The loan is repayable on 23 January 2009. It bears interest at a margin of 2.0% over LIBOR. Interest rate swaps have been taken out to hedge LIBOR fluctuations.

|                                   |              |
|-----------------------------------|--------------|
| <b>11 Called up share capital</b> | <b>2007</b>  |
|                                   | <b>£</b>     |
| Authorised                        |              |
| 1,000 ordinary shares of £1 each  | <u>1,000</u> |

|                        |               |             |
|------------------------|---------------|-------------|
|                        | <b>2007</b>   | <b>2007</b> |
|                        | <b>Number</b> | <b>£</b>    |
| Allotted and called up | <u>1</u>      | <u>1</u>    |

|                                   |                 |
|-----------------------------------|-----------------|
| <b>12 Profit and loss account</b> | <b>2007</b>     |
|                                   | <b>£</b>        |
| Loss for the financial period     | (68,164)        |
| At 30 September 2007              | <u>(68,164)</u> |

**London & Regional (HC Sites) Limited**

**Notes to the accounts**

**for the period from 24 April 2006 to 30 September 2007**

**13 Reconciliation of movement in shareholder's deficit**

**2007**

**£**

Net proceeds of issue for ordinary share capital

1

Loss for the financial period

(68,164)

At 30 September 2007

(68,163)

**14 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

**15 Parent undertaking and controlling party**

The company is a wholly owned subsidiary of London & Regional (Health Clubs) Ltd, a company incorporated and registered in England and Wales

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

Copies of the Loopsign 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 Sites) Limited**  
**Profit and loss account**  
**for the period from 24 April 2006 to 30 September 2007**  
*for the information of the directors only*

|                         | 2007<br>£       |
|-------------------------|-----------------|
| Administrative expenses | -               |
| <b>Operating profit</b> | <u>-</u>        |
| Interest payable        | (68,164)        |
| <b>Loss before tax</b>  | <u>(68,164)</u> |

**London & Regional (HC Sites) Limited**  
**Schedule to the profit and loss account**  
**for the period from 24 April 2006 to 30 September 2007**  
*for the information of the directors only*

|                              | <b>2007</b> |
|------------------------------|-------------|
|                              | <b>£</b>    |
| Legal and professional costs |             |
| Audit fees                   | -           |
|                              | -           |
|                              | -           |
|                              | -           |