

**Registered number**  
**05974163**

**LR Bondway Limited**

**Annual report and financial statements**

**for the year ended**  
**30 September 2011**

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**LR Bondway Limited**

**Annual report and financial statements for the year ended 30 September 2011**

**Contents**

	<b>Page</b>
Company information	1
Director's report	2-3
Statement of director's responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9-13

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**LR Bondway Limited**

**Company information for the year ended 30 September 2011**

**Director**

Mr R J Livingstone

**Company secretary**

Mr R N Luck

**Registered office**

Quadrant House, Floor 6  
4 Thomas More Square  
London  
E1W 1YW

**Independent auditors**

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

**Registered number**

05974163

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**LR Bondway Limited**  
**Director's report for the year ended 30 September 2011**

The director presents his annual report and the audited financial statements of the company for the year ended 30 September 2011

**Principal activities**

The company acts as a commercial property investment company. The director considers the financial position at 30 September 2011 to be satisfactory.

**Principal risks and uncertainties**

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. The directors of the group have reviewed the group's exposure to credit risk, liquidity risk and cashflow risk. These risks and uncertainties are discussed in the company's ultimate parent's group annual report which does not form part of this report.

**Key performance indicators**

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

**Results and dividends**

The results for the financial year are set out in the profit and loss account on page 6. The director does not recommend the payment of a dividend (2010: £nil).

**Director**

The director of the company who served during the year and up to the date of signing the financial statements was as follows:

Mr R J Livingstone

**Going concern**

The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of London & Regional Group Investments Limited. The director has received confirmation that London & Regional Group Investments Limited intends 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 director and officer. Following shareholder approval, the company has also provided an indemnity for its director and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**Disclosure of information to auditors**

The director confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**LR Bondway Limited**

**Director's report for the year ended 30 September 2011 (continued)**

**Independent auditors**

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

By order of the board



Mr R N Luck

**Company secretary**

22 June 2012

## **LR Bondway Limited**

### **Statement of director's responsibilities for the year ended 30 September 2011**

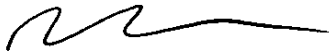
The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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,

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Mr R N Luck

**Company secretary**

22 June 2012

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LR BONDWAY LIMITED**

We have audited the financial statements of LR Bondway Limited for the year ended 30 September 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of director's responsibilities, the director is 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). 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.

### **Scope of the audit of the financial statements**

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Basis for adverse opinion on financial statements**

As explained in note 6 to the financial statements the director has valued the company's investment property at £12,000,000. In our opinion, the documentation provided by the director supports a maximum valuation of £7,000,000. If the investment property carrying amount had been reduced to £7,000,000 the effect would have been to reduce net assets from £2,305,260 to net liabilities of £2,694,740, reduce the revaluation reserve from £1,361,698 to £nil, and reduce the profit and loss reserve from £943,561 to a deficit of £2,694,741. This impairment of £5,000,000 in the value of the investment property would have been recorded in the profit and loss account during the year ended 30 September 2010.

### **Adverse opinion on financial statements**

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion paragraph, the financial statements

- do not give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its profit for the year then ended,
- have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

In all other respects, in our opinion the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

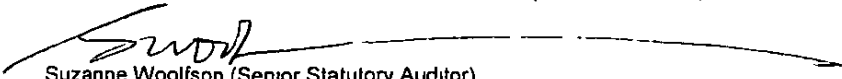
### **Opinion on other matters prescribed by the Companies Act 2006**

Notwithstanding our adverse opinion on the financial statements, in our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

  
Suzanne Woolfson (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

22 June 2012

**LR Bondway Limited**  
**Profit and loss account**  
**for the year ended 30 September 2011**

	Note	2011 £	2010 £
<b>Turnover</b>	2	508,907	541,335
Cost of sales		(102,754)	(114,737)
<b>Gross profit</b>		<u>406,153</u>	<u>426,598</u>
Administrative expenses		(12,916)	(35,632)
<b>Operating profit before exceptional items</b>	3	<u>393,237</u>	<u>390,966</u>
Exceptional items			
Reversal of impairment in value of investment properties		-	4,638,302
<b>Operating profit after exceptional items</b>		<u>393,237</u>	<u>5,029,268</u>
Interest receivable and similar income		33	141
<b>Profit on ordinary activities before taxation</b>		<u>393,270</u>	<u>5,029,409</u>
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>		<u>393,270</u>	<u>5,029,409</u>

All amounts relate to continuing operations

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical costs equivalents



**LR Bondway Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 September 2011**

	Note	2011 £	2010 £
Profit for the financial year		393,270	5,029,409
Unrealised surplus on revaluation of investment properties	6	-	7,800,000
<b>Total recognised gains related to the year</b>		<u>393,270</u>	<u>12,829,409</u>

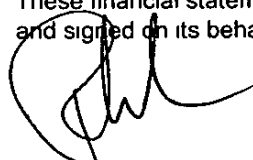
**LR Bondway Limited**  
**Balance sheet**  
**as at 30 September 2011**

**Registered number**  
**05974163**

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investment properties	6	12,000,000	12,000,000
<b>Current assets</b>			
Debtors	7	71,692	124,214
<b>Creditors amounts falling due within one year</b>	8	<u>(9,766,432)</u>	<u>(10,212,224)</u>
<b>Net current liabilities</b>		(9,694,740)	(10,088,010)
<b>Total assets less current liabilities</b>		<u>2,305,260</u>	<u>1,911,990</u>
<b>Net assets</b>		<u>2,305,260</u>	<u>1,911,990</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Revaluation reserve	10	1,361,698	1,361,698
Profit and loss reserve	11	943,561	550,291
<b>Total shareholder's funds</b>	12	<u>2,305,260</u>	<u>1,911,990</u>

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

*22 June* 2012



Mr R J Livingstone  
**Director**

*22 June* 2012

**LR Bondway Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2011**

**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 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**Going concern**

The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of London & Regional Group Investments Limited. The director has received confirmation that London & Regional Group Investments Limited intends to support the company for at least one year after these financial statements are signed.

**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 director annually on an open market basis and independently valued when required by SSAP 19. Any changes in the market value of investment properties 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 property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account of the year.

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 director considers that to depreciate would not give a true and fair view.

The depreciation (which would, had the provisions of the Companies Act 2006 been followed, have been charged to the profit and loss account) is only one of the factors reflected in the valuation and the amount attributable to this factor cannot reasonably be separately identified or

**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.

**LR Bondway Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2011**

**1 Accounting policies (continued)**

**Cash flow statement**

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

**Turnover**

Turnover represents rental income and recoverable property expenses, net of value added tax. Rental income is recognised over the term of the lease on a straight-line basis. The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the UK.

**Deferred income**

Income from properties is allocated in the year to which it relates, with payments received in advance held as deferred income and credited to the profit and loss when earned.

**2 Turnover**

<b>Net rental income</b>	<b>2011 £</b>	<b>2010 £</b>
Rental income	400,303	428,477
Recoverable property expenses	108,604	112,858
Turnover	<u>508,907</u>	<u>541,335</u>
Net property (outgoings)/income	5,850	(1,879)
Recoverable property expenses	(108,604)	(112,858)
Property outgoings	<u>(102,754)</u>	<u>(114,737)</u>
Net rental income	<u>406,153</u>	<u>426,598</u>

**3 Operating profit before exceptional items**

	<b>2011 £</b>	<b>2010 £</b>
Operating profit is stated after charging		
Auditors' remuneration	<u>-</u>	<u>-</u>

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

**LR Bondway Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2011**

**4 Director's emoluments**

The director did not receive any emoluments in respect of his services to the company (2010 £nil). The company has no employees (2010 none) other than the director

The above details of director's emoluments do not include the emoluments which are paid by a fellow subsidiary and recharged to the company as part of a management charge. This management charge, which in 2011 amounted to £12,009 (2010 £12,854), also includes a recharge of administration costs borne by the fellow subsidiary on behalf of the company and it is not possible to identify separately the amount of the director's emoluments. Mr Livingstone is a director of the ultimate parent company and a number of fellow subsidiary companies and his total emoluments are included in the aggregate of directors' emoluments included in the financial statements of the ultimate parent company

**5 Tax on profit on ordinary activities**

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

**Factors affecting tax charge for the year**

From 01 April 2011 the rate of corporation tax has reduced from 28% to 26%, giving a blended average rate for the year of 27%

The tax assessed for the year is different (2010 different) than the blended/standard rate of corporation tax in the UK of 27%, (2010 28%). The differences are explained below

The differences between the tax assessed for the year and the blended/standard rate of corporation tax are explained as follows

	2011 £	2010 £
Profit on ordinary activities before taxation	393,270	5,029,409
	£	£
Profit on ordinary activities multiplied by the blended/standard rate of corporation tax	106,183	1,408,235
<b>Effects of</b>		
Exceptional income not taxable	-	(1,298,725)
Utilisation of tax losses	(106,183)	(109,510)
<b>Total current tax charge for the year</b>	<u>-</u>	<u>-</u>

The corporation tax charge for the year has been reduced by £106,183 (2010 £109,510) because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the company

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

**Factors that may affect future tax charges**

Reductions to the UK corporation tax rate were announced in the March 2011 Budget. The changes, which were enacted on July 19 2011 reduce the rate by 1% per annum to 23% by 1 April 2014. These changes have no impact on these financial statements

**LR Bondway Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2011**

**6 Investment properties**

	Freehold land and buildings £
<b>Valuation</b>	
At 1 October 2010 and at 30 September 2011	<u>12,000,000</u>
<b>Cost</b>	
	<u>10,638,302</u>

The investment property was valued by the director, taking into account its marriage value if redeveloped together with an adjoining building owned by a fellow group undertaking

<b>7 Debtors</b>	<b>2011</b> £	<b>2010</b> £
Trade debtors	27,346	31,788
Other debtors	1	1
Prepayments and accrued income	<u>44,345</u>	<u>92,425</u>
	<u>71,692</u>	<u>124,214</u>

<b>8 Creditors amounts falling due within one year</b>	<b>2011</b> £	<b>2010</b> £
Trade creditors	20,398	7,560
Amounts owed to group undertakings	9,576,784	10,022,280
Other taxes and social security costs	21,077	21,808
Accruals and deferred income	<u>148,173</u>	<u>160,576</u>
	<u>9,766,432</u>	<u>10,212,224</u>

Amounts owed to group undertakings are interest free, repayable on demand, and unsecured

<b>9 Called up share capital</b>	<b>2011</b> £	<b>2010</b> £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<b>2011</b> Number	<b>2010</b> Number
Alotted and unpaid Ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<b>2011</b> £	<b>2010</b> £
	<u>1</u>	<u>1</u>

<b>10 Revaluation reserve</b>	<b>2011</b> £
At 1 October 2010 and at 30 September 2011	<u>1,361,698</u>

**LR Bondway Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2011**

<b>11 Profit and loss reserve</b>	<b>2011 £</b>
At 1 October 2010	550,291
Profit for the financial year	393,270
At 30 September 2011	<u>943,561</u>

<b>12 Reconciliation of movement in shareholder's funds/(deficit)</b>	<b>2011 £</b>	<b>2010 £</b>
At 1 October	1,911,990	(6,279,117)
Profit for the financial year	393,270	5,029,409
Other recognised gains and losses	-	7,800,000
Reversal of realised deficit arising on revaluation during the year	-	(4,638,302)
	<u>2,305,260</u>	<u>1,911,990</u>

**13 Related party transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is wholly owned subsidiary of a group headed by Loopsign Limited, whose financial statements are publicly available

**14 Parent undertaking**

The immediate parent undertaking is London & Regional Group Investments Limited, a company incorporated and registered in England and Wales

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

London & Regional Group Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 30 September 2011. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2011. The consolidated financial statements of Loopsign Limited can be obtained from the company secretary at

Quadrant House, Floor 6  
4 Thomas More Square  
London  
E1W 1YW

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