Company number: 06791528

L51N LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED
31 DECEMBER 2014

Contents

Company information

Directors:	Ben Lewis Clive Lewis Julian Lewis Michael Rosehill
Secretary and registered office:	Cavendish Square Secretariat Chelsea House, West Gate, London, W5 1DR
Auditors:	BDO LLP 55 Baker Street, London, W1U 7EU
Company number:	06791528

Principal activities
The parent company co-ordinates and manages the activities of its subsidiaries and administers group investments.

The principal activities of the group comprise:-

- Multiple retailing and design, manufacture, wholesaling and franchising of clothing
- Hotel operations and ownership
- Property development and investment
- Investment management and banking

Results and dividends
At the end of the year, the subsidiaries of River Island Holdings Limited, a wholly owned subsidiary of the group, were sold to a subsidiary of the group's ultimate parent company, LFH International Limited for £1,600.0 million and a profit of £1,297.9 million. The L51N group is now no longer engaged in retailing and design, manufacture, wholesaling and franchising of clothing.

The results for the group for the year are set out on pages 8 and 9. Excluding the above transaction, the overall result is an increase in group profit after tax of £54.5 million from £45.3 million to £99.8 million. The consolidated balance sheet shows a net asset position of £333.9 million (2013: net liability position of £606.6 million).

A dividend of 79.30 pence per share (2013: 264.35 pence per share) totalling £30.0 million (2013: £100.0 million) was paid to the holders of income access shares in LTG (IAS) Limited, a wholly owned subsidiary. A dividend of £425.7 million (2013: £nil) was paid to the group's ultimate parent company.

The directors are optimistic about the future development of the group, as set out in the divisional review below.

Key performance indicators
The directors monitor group performance on monthly and quarterly cycles using a wide range of financial and non-financial indicators including like for like and total turnover, gross profit margin, wage costs ratios, other cost ratios, and where appropriate, stock levels. The directors also monitor individual division performance on other periodic cycles, such as weekly cycles and use various productivity ratios to ensure each division is maximising the use of its assets.

Each quarter, the directors review updated full year profit and loss and balance sheet forecasts which take into account actual performance in the year to date and current trends in turnover, margin and costs.

Divisional Review
Multiple retailing and design, manufacturing, and franchising of clothing
Retail turnover rose by £87.2 million (10%) when compared with last year's results (2013: £36.4 million increase (4.5%)). Profit before taxation increased by 68% excluding the profit on disposal of subsidiaries.

During the year 3 new retail outlets were opened, 6 stores were relocated and 1 was refurbished. The business now trades in 13 countries outside the United Kingdom.

The retail fashion market is highly competitive, and the business manages risk partly in the way it continually develops and promotes its River Island brand, and particularly its own designs, which account for a vast majority of its sales. The business is one of the largest employers of design talent in Europe.

In December 2014, the group's shareholding in the subsidiaries of River Island Holdings Limited were sold to a subsidiary of the group's ultimate parent company, LFH International Limited for £1,600.0 million, resulting in a profit of £1,297.9 million (see note 24).

Divisional Review (continued)

Hotel operations and ownership

- ***US***

  The group has three hotels, the largest of which is a 309 room five star five diamond luxury resort in Palm Beach, Florida. This hotel was rebranded to Eau Palm Beach & Spa during 2013 after termination of the prior operator. A complete rooms renovation was performed and completed in the last half of 2014. The new brand and rooms product has been well received in the luxury market and is gaining momentum against its competitive set. It is on track to stabilize within 5-7 years.

  The two smaller hotels are a 232 room business class hotel in Atlanta, Georgia and an 80 room luxury independent hotel in Providence, Rhode Island. These hotels are in good physical condition and continued to fare well against their competitive sets in 2014.

Property investment and development
The strategy for the property division in 2014 was selective selling of smaller and non-income producing assets and to focus on acquisitions. The continued upturn in sentiment in the economy has increased investor interest in the real estate market and new investment opportunities are difficult to find, especially in the capital cities. The group is considering special situations (development and non performing loans) in the UK, Germany and core deals in Spain, regional UK, Ireland and Poland.

Acquisitions in the year include a 190,000 sq. ft. distribution property in Warsaw, Poland for €12.3 million, and land at Donaldson's College, Edinburgh for development over the next three years into 110 apartments.

Disposals completed in the year included Templeback in Bristol for £35.1 million and Dollar Bay/Thomas Road for £18.0 million.

During May 2014, the US property division sold its two retail centres in Roseville, California for US$83.1 million. A new senior housing project in Wentworth, Texas was completed in September 2014 and the group sold its interest in this project for US$15.5 million. The group is in negotiation for the sale of three vacant buildings, two in Phoenix and one in Sacramento.

Predevelopment plans are being pursued for the development of a high rise office block in Boston, Massachusetts and an architect has been selected and work on City of Boston project approvals continues. During 2014, predevelopment continued in Mammoth Lakes, California to maximize value for the future 54 unit hotel and residential project which will include a geothermal hot water well. A site was purchased in Sacramento, California for redevelopment for multi-family residences. In Rocklin, California the group was successful in getting the State of California to approve and start construction of a highway interchange that will provide excellent access and will accelerate development activity on the 100 acre Rocklin site. Predevelopment plans for senior living facilities at Rocklin and in Folsom have commenced. Most of the undeveloped land parcels have seen deterioration in market value in the past few years based upon reductions in tenant demand for new product, borrowing constraints and movement in capitalisation rates on real estate investments, but one 25 acre site is being rezoned to residential use which will restore its value.

The main external risks affecting this division are market pricing and other changes affecting property value, including change in investor and occupier demand and tenant default. Market conditions in 2014 affected the portfolio in all these areas. Management has mitigated these risks by maintaining a strong and credit worthy tenant mix with strong financial covenants and regular covenant reviews. Management also maintains tight cost controls and has implemented several cost saving initiatives which will yield cost savings and efficiencies for several years to come.

Investment management and banking
The group fund manager, Cavendish Asset Management, grew its funds under management to over £1,272 million at the end of December 2014 (2013: £1,162 million) and continued to expand its marketing reach.

Risk management
The objectives, policies and strategies applied by the group with respect to management of commercial and financial risks are determined at both group and divisional levels. The principal financial instruments used by the group to finance its operations are cash generated from retained earnings and loans.

Risk management (continued)

- **Foreign currency risk**
  The group's reporting currency is sterling, but it operates in different parts of the world in different currencies. In River Island, which was disposed of at the end of the year, most of the revenue was in sterling and Euros and many of the goods were purchased in US Dollars and Hong Kong Dollars as well as Euros; the group entered into forward exchange contracts to protect against the risk that costs of goods would increase due to exchange rate fluctuations, and monitored the foreign exchange market daily. Further information on derivative financial instruments is given in note 22.

- **Interest rate risk**
  The group's exposure to interest rate fluctuations is constantly monitored; there is no formal policy on bank loans, but a variety of methods are used to control interest costs, including obtaining a balance between fixed and floating rates, and between secured and unsecured loans. In addition, the group enters into interest rate swap transactions in order to hedge its exposure.

- ***Liquidity risk***
  The divisions monitor cash flow as part of their day to day control procedures. The group prepares cashflow projections on a monthly basis, allowing an assessment of the cash requirements of the group to manage liquidity risk. Surplus funds are invested in high quality short term liquid investments. Cash is placed with several counterparties in order to spread the risk in the event of bank failure. The group's policy to hold a substantial proportion of cash equivalents in Treasury Bills due to the uncertainty of the banking system has been relaxed for 2014, but the group continues to monitor the situation closely.

- ***Credit risk***
  The majority of the group's trade debtors are represented by amounts due from commercial property tenants, whose credit ratings are checked before we enter into transactions with them. No significant credit risk is perceived.

By order of the board:

Stuart Black 15 JUL 2015
For and on behalf of Cavendish Square Secretariat - Secretary

Report of the directors for the year ended 31 December 2014

The directors submit their report together with the audited financial statements for the year ended 31 December 2014.

Directors
The directors of the company are set out below:-

Ben Lewis
Clive Lewis
Julian Lewis
Michael Rosehill

Directors' responsibilities
The directors are responsible for preparing the strategic report, directors' report and 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 elected to prepare the group and 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 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Future developments of the business and risk management are discussed in the Strategic Report.

Auditors
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the group's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware. BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

Employees
It is the group's policy to employ disabled persons wherever appropriate and to evaluate employees on the basis of merit. In respect of employees, the group circulates on a regular basis information of interest to all employees.

Donations
The group made charitable donations of £3.2 million (2013: £3.2 million) and political donations of £nil (2013: £nil) during the year.

By order of the board:

Stuart Black 15 JUL 2015
For and on behalf of Cavendish Square Secretariat – Secretary

Independent auditor's report for the year ended 31 December 2014 to the members of L51N Limited

We have audited the financial statements of L51N Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the consolidated and company statement of total recognised gains and losses, the consolidated and company note of historical cost profits and losses, the consolidated and company reconciliation of movements in shareholders' funds, the consolidated and company balance sheets, the consolidated cash flow statement 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements which 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's profit 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.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the directors' 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

BDO LLP

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

15/07/15

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

L51N LIMITED

Consolidated profit and loss account for the year ended 31 December 2014

	Note	**Continuing Operations 2014 £million**	**Discontinued Operations 2014 £million**	**Total 2014 £million**	Continuing Operations 2013 £million	Discontinued Operations 2013 £million	Total 2013 £million
Turnover: Group and share of joint ventures		110.2	925.8	**1,036.0**	81.6	838.6	920.2
Less: Share of joint venture turnover		(2.1)	-	**(2.1)**	(2.0)	-	(2.0)
Turnover	2.1	108.1	925.8	**1,033.9**	79.6	838.6	918.2
Cost of sales		(98.6)	(731.0)	**(829.6)**	(52.1)	(711.2)	(763.3)
Gross profit		9.5	194.8	**204.3**	27.5	127.4	154.9
Distribution costs		-	(19.2)	**(19.2)**	(0.1)	(21.6)	(21.7)
Administrative expenses		(24.9)	(24.8)	**(49.7)**	(33.8)	(16.8)	(50.6)
Operating (loss)/profit		(15.4)	150.8	**135.4**	(6.4)	89.0	82.6
Permanent diminution in value of investment properties		(0.2)	-	**(0.2)**	(0.2)	-	(0.2)
Profit on disposal of operations	24	-	1,297.9	**1,297.9**	1.5	-	1.5
Profit/(loss) on disposal of fixed assets		11.7	(1.9)	**9.8**	8.1	(1.0)	7.1
Profit on disposal of fixed asset investments		8.2	-	**8.2**	6.1	-	6.1
Profit on sale of current asset investments		1.8	-	**1.8**	0.2	-	0.2
Other income	2.2	5.5	-	**5.5**	4.4	0.5	4.9
Share of operating profit in joint ventures		2.8	-	**2.8**	2.7	-	2.7
Share of operating profit from associates		0.2	-	**0.2**	0.2	-	0.2
Profit on ordinary activities before interest		14.6	1,446.8	**1,461.4**	16.6	88.5	105.1

The notes on pages 17 to 48 form part of these financial statements.

L51N LIMITED

Consolidated profit and loss account for the year ended 31 December 2014 (continued)

	Note	**Continuing Operations 2014 £million**	**Discontinued Operations 2014 £million**	**Total 2014 £million**	Continuing Operations 2013 £million	Discontinued Operations 2013 £million	Total 2013 £million
Interest receivable							
Group	2.2	2.5	0.3	**2.8**	3.3	6.7	10.0
Interest payable and similar charges							
Group	2.2	(40.9)	(0.1)	**(41.0)**	(42.6)	(7.2)	(49.8)
Joint ventures		(4.3)	-	**(4.3)**	(4.3)	-	(4.3)
(Loss)/profit on ordinary activities before taxation	2.1	(28.1)	1,447.0	**1,418.9**	(27.0)	88.0	61.0
Taxation on profit on ordinary activities	4	8.1	(29.3)	**(21.2)**	(3.6)	(12.1)	(15.7)
(Loss)/profit on ordinary activities after taxation		(20.0)	1,417.7	**1,397.7**	(30.6)	75.9	45.3
Minority interests		5.3	-	**5.3**	(3.1)	-	(3.1)
(Loss)/profit for the financial year	17	(14.7)	1,417.7	**1,403.0**	(33.7)	75.9	42.2

Discontinuing activities arose because of group restructuring whereby the subsidiaries of River Island Holdings Limited, a subsidiary of the group, were sold to a subsidiary of the group's ultimate parent company, LFH International Limited. The new parent of the subsidiaries, (River Island Holdings (UK) Limited), has effectively stepped into the shoes of River Island Holdings Limited and will use merger accounting to account for this transaction.

The notes on pages 17 to 48 form part of these financial statements.

Statements of total recognised gains and losses, and note of historical cost profits and losses for the year ended 31 December 2014

	Note	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Statement of total recognised gains and losses					
Profit/(loss) for:					
Group		**1,404.5**	43.8	**(19.4)**	(26.2)
Joint ventures		**(1.5)**	(1.6)	**-**	-
Profit/(loss) for the financial year		**1,403.0**	42.2	**(19.4)**	(26.2)
Unrealised surplus on revaluation of properties net of minority interest	17	**11.1**	37.9	**-**	-
Realised reserves of liquidated subsidiaries		**0.2**	-	**-**	-
Actuarial (losses)/gains on the defined benefit scheme	18	**(11.1)**	9.1	**-**	-
Deferred tax effect of actuarial gains and (losses) on the defined benefit scheme		**1.8**	(3.0)	**-**	-
Total recognised gains/(losses) for the year before currency adjustments		**1,405.0**	86.2	**(19.4)**	(26.2)
Currency translation differences on foreign currency net investments	17	**12.3**	2.2	**-**	-
Total recognised gains and (losses) relating to the year		**1,417.3**	88.4	**(19.4)**	(26.2)
Note of historical cost profits and losses					
Profit/(loss) on ordinary activities before taxation		**1,418.9**	61.0	**(19.4)**	(26.2)
Realisation of property revaluation gains/(losses) of previous years	17	**11.6**	(18.8)	**-**	-
Historical cost profit/(loss) on ordinary activities before tax		**1,430.5**	42.2	**(19.4)**	(26.2)
Historical cost profit/(loss) for the year retained after taxation and minority interests		**1,392.8**	23.4	**(19.4)**	(26.2)

The notes on pages 17 to 48 form part of these financial statements.

Reconciliations of movements in shareholders' funds for the year ended at 31 December 2014

	Note	Group		Company	
		2014	2013	**2014**	2013
		£million	£million	**£million**	£million
Profit/(loss) for the financial year	17	**1,403.0**	42.2	**(19.4)**	(26.2)
Dividend paid to controlling shareholders of ultimate parent company		**(30.0)**	(100.0)	**-**	-
Dividend paid to parent company		**(425.7)**	-	**(425.7)**	-
Debt release		**-**	230.0	**-**	230.0
Bonus issue of shares		**-**	(600.0)	**-**	(600.0)
Capital reduction		**-**	600.0	**-**	600.0
Other recognised gains and losses relating to the year		**14.3**	39.6	**-**	-
Net addition/(reduction) to shareholders' funds		**961.6**	211.8	**(445.1)**	203.8
Opening shareholders' (deficit)/funds		**(653.0)**	(864.8)	**822.3**	618.5
Closing shareholders' funds/(deficit)		**308.6**	(653.0)	**377.2**	822.3

The notes on pages 17 to 48 form part of these financial statements.

Balance sheets at 31 December 2014
Company number: 06791528

	Note	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Fixed assets					
Intangible assets – positive goodwill	6	**10.7**	11.7	-	-
Intangible assets – negative goodwill	6	**(0.8)**	(0.9)	-	-
Tangible assets	7	**367.6**	493.6	-	-
Investments-joint ventures: share of gross assets		**55.6**	71.8	-	-
: share of gross liabilities		**(8.2)**	(23.2)	-	-
: total		**47.4**	48.6	-	-
-associates		**4.5**	3.9	-	-
-subsidiaries		-	-	**1,939.0**	1,939.0
-unlisted investments		**41.2**	39.0	-	-
-total investments	8	**93.1**	91.5	**1,939.0**	1,939.0
Total fixed assets		**470.6**	595.9	**1,939.0**	1,939.0
Current assets					
Stock	9	**87.0**	187.0	-	-
Debtors: amounts due within one year	10	**530.8**	126.9	**460.4**	107.9
Debtors: amounts due after one year	10	**109.9**	138.8	-	-
Total debtors	10	**640.7**	265.7	**460.4**	107.9
Investments	11	**130.6**	113.2	-	-
Cash at bank and in hand	12	**110.5**	182.6	-	-
Total current assets		**968.8**	748.5	**460.4**	107.9
Creditors: amounts due within one year					
Borrowings	13	**(17.2)**	(57.4)	-	-
Borrowings – amounts due to group companies	13	**(823.5)**	(1,486.9)	**(1,927.5)**	(1,145.5)
Other creditors and bank deposit liabilities	14	**(102.8)**	(235.4)	-	-
Other amounts due to group companies		**(42.8)**	(85.2)	**(94.7)**	(79.1)
Minority interest in preference shares		**(0.2)**	(0.2)	-	-
Total current liabilities		**(986.5)**	(1,865.1)	**(2,022.2)**	(1,224.6)
Net current liabilities		**(17.7)**	(1,116.6)	**(1,561.8)**	(1,116.7)
Total assets less current liabilities		**452.9**	(520.7)	**377.2**	822.3
Creditors: amounts due after one year					
Borrowings	13	**(81.8)**	(62.2)	-	-
Borrowings – amounts due to group companies	13	**(8.9)**	-	-	-
Other creditors	14	**(21.5)**	(24.1)	-	-
Total creditors due after one year		**(112.2)**	(86.3)	-	-
Provisions for liabilities	15	-	(0.9)	-	-
Net assets/(liabilities) excluding pension liability		**340.7**	(607.9)	**377.2**	822.3
Pension (liability)/assets	18	**(6.8)**	1.3	-	-
Net assets/(liabilities)		**333.9**	(606.6)	**377.2**	822.3

The notes on pages 17 to 48 form part of these financial statements.

Balance sheets at 31 December 2014 (continued)
Company number: 06791528

	Note	Group		Company	
		2014	2013	**2014**	2013
		£million	£million	**£million**	£million
Capital and reserves					
Called up share capital	16	**-**	-	**-**	-
Revaluation reserve	17	**29.4**	29.9	**-**	-
Merger reserve	17	**(404.2)**	(1,902.2)	**-**	-
Other reserves	17	**239.8**	239.6	**230.0**	230.0
Profit and loss account excluding pension reserve	17	**450.4**	978.4	**147.2**	592.3
Pension reserve	17	**(6.8)**	1.3	**-**	-
Profit and loss reserve		**443.6**	979.7	**147.2**	592.3
Shareholders' funds/(deficit)		**308.6**	(653.0)	**377.2**	822.3
Minority interests		**25.3**	46.4	**-**	-
		333.9	(606.6)	**377.2**	822.3

The financial statements were approved by the board of directors and authorised for issue on 15 JUL 2015

Michael Rosehill - Director

The notes on pages 17 to 48 form part of these financial statements.

L51N LIMITED

Consolidated cash flow statement for the year ended 31 December 2014

	Note	2014 £million	2014 £million	2013 £million	2013 £million
Net cash (outflow)/inflow from operating activities	(a)		**(359.6)**		168.3
Returns on investment and servicing of finance					
Dividends received from investments		**4.6**		1.5	
Cash distribution from unlisted investments		**4.4**		6.4	
Interest received		**2.8**		10.0	
Interest paid		**(26.3)**		(52.7)	
Receipts from sale of loan		**-**		10.2	
Receipts in respect of financial instruments		**0.6**		0.6	
Other receipts		**0.3**	**(13.6)**	2.8	(21.2)
Taxation					
Corporation tax paid			**(7.4)**		(32.8)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		**(79.5)**		(46.1)	
Receipts from sales of tangible fixed assets		**103.0**		136.3	
Payment for shares in and loans to fixed asset investments		**(5.2)**		(19.5)	
Receipts from shares in fixed asset investments		**9.9**		5.7	
Net advances to third parties		**(2.0)**	**26.2**	-	76.4
Acquisitions and disposals					
Receipts from disposal of subsidiary		**-**		2.5	
Cash transferred with subsidiary		**(136.3)**		-	
Cash acquired with subsidiaries		**0.4**		0.5	
Purchase of newly acquired subsidiary		**(0.4)**		(5.5)	
			(136.3)		(2.5)
Equity dividends paid			**(455.7)**		(100.0)
Cash inflow before management of liquid resources and financing			**(946.4)**		88.2
Management of liquid resources					
Payments to acquire current asset investments		**(63.5)**		(42.1)	
Receipts from sales of current asset investments		**48.4**		65.5	
Cash (placed on)/withdrawn from deposit		**(2.1)**		3.0	
Net transfers from/(to) restricted cash		**0.2**	**(17.0)**	(0.6)	25.8
Financing					
New loans		**29.3**		1.5	
Loan repayments		**(58.0)**		(86.7)	
Movement of loans from fellow subsidiary undertaking		**931.1**		(67.9)	
		902.4		(153.1)	
Capital contributions by minority shareholders		**2.1**		1.1	
Distributions to minority shareholders		**(15.0)**	**889.5**	(2.1)	(154.1)
Decrease in cash	(b,c)		**(73.9)**		(40.1)

The notes on pages 17 to 48 form part of these financial statements.

Notes to the cash flow statement for the year ended 31 December 2014

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2014 £million	2013 £million
Operating profit	**135.4**	82.6
Depreciation and amortisation charges	**38.2**	35.4
Amount written off tangible fixed assets	**7.3**	0.5
Movement in provisions made against fixed asset investments	**(1.3)**	0.5
Movement in provisions made against current asset investments	**(1.6)**	(1.2)
Decrease in actuarial pension scheme liability	**(1.2)**	(1.7)
Decrease/(increase) in stocks	**25.5**	(34.5)
Increase in debtors	**(244.5)**	(15.2)
Increase in creditors	**149.3**	10.9
(Increase)/decrease in amounts due from group companies	**(461.2)**	55.4
(Decrease)/increase in net banking liabilities	**(1.5)**	31.7
Exchange differences	**(4.0)**	3.9
Net cash inflow from operating activities	**(359.6)**	168.3

(b) Reconciliation of net cash flow to movement in net debt

	2014 £million	2013 £million
Decrease in cash in the year	**(73.9)**	(40.1)
(Increase)/decrease in loans advanced	**(902.4)**	153.1
Increase/(decrease) in liquid resources	**17.0**	(25.8)
Change in net debt resulting from cash flows	**(959.3)**	87.2
Net debt disposed with subsidiary undertakings	**-**	(0.7)
New loan arising from disposal of subsidiary	**1,600.0**	-
Interest and loan fees rolled into debt	**(14.7)**	2.9
Debt release	**-**	230.0
Reclassified from creditors	**-**	(804.7)
Effect of foreign exchange rate movements	**(4.0)**	0.8
Loan acquired with subsidiary	**(4.9)**	-
Non cash movement in current asset investments	**3.4**	1.4
Movement in net debt for the year	**620.5**	(483.1)
Net debt at 1 January	**(1,310.7)**	(827.6)
Net debt at 31 December	**(690.2)**	(1,310.7)

(c) Analysis of changes in net debt

	At 1 Jan 14 £million	Cash flows £million	Other changes £million	Exchange movement £million	**At 31 Dec 14 £million**
Cash at bank and in hand	178.9	(74.9)	-	0.6	**104.6**
Overdrafts	(1.0)	1.0	-	-	**-**
	177.9	(73.9)	-	0.6	**104.6**
Bank and other loans:					
Due within one year	(56.4)	39.2	-	-	**(17.2)**
Due after one year	(62.2)	(10.5)	(4.9)	(4.2)	**(81.8)**
Loans from fellow subsidiary undertakings:					
Due within one year	(1,486.9)	(925.1)	1,588.6	-	**(823.4)**
Due after one year	-	(6.0)	(3.3)	0.4	**(8.9)**
	(1,605.5)	(902.4)	1,580.4	(3.8)	**(931.3)**
Liquid resources:					
Cash on deposit	1.4	2.1	-	0.2	**3.7**
Restricted cash at bank	2.3	(0.2)	-	0.1	**2.2**
Current asset investments	113.2	15.1	3.4	(1.1)	**130.6**
	116.9	17.0	3.4	(0.8)	**136.5**
	(1,310.7)	(959.3)	1,583.8	(4.0)	**(690.2)**

Other changes consist of the following items:

	£million
Bank and other loans – due after one year:	
Acquired with subsidiary	(4.9)
Bank and other loans – due within one year to fellow subsidiary:	
Loans reclassified between categories	2.4
New loans arising from disposal of subsidiaries	1,600.0
Interest added to loans	(13.8)
	1,588.6
Bank and other loans – due after one year to fellow subsidiary:	
Loans reclassified between categories	(2.4)
Interest added to loans	(0.9)
	(3.3)
Current asset investments:	
Provisions movement in the year	1.6
Profit on disposals	1.8
	3.4

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain properties and in accordance with the Companies Act 2006. There has been a departure from the Companies Act 2006 in respect of investment properties to comply with UK accounting standards. Further information is given in the investment properties accounting policy below. The financial statements have been drawn up to comply with applicable UK accounting standards and law.

The group's principal accounting policies are described below.

- **Basis of consolidation**

The company was incorporated on 14 January 2009. The company acquired the entire share capital of Lewis Trust Group Ltd from LFH International Ltd on 7 April 2009. The combination of the two companies was accounted for using the merger method as described in FRS 6 Mergers and Acquisitions and Schedule 6 (10) of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008. The transaction did not meet the condition for merger accounting under the Companies Act 2006, namely that the fair value of any non-equity consideration must not exceed 10% of the nominal value of equity shares issued. However, the Directors considered that the alternative approach of acquisition accounting, with the restatement of separable assets to fair values, the creation of goodwill and the inclusion of post-merger results only, would not give a true and fair view of the group's results and financial position. The substance of the transaction was not an acquisition of a business but rather a reconstruction under which a new holding company was established with the former ordinary shareholders having the same proportionate interest in the new holding company as they had previously held in Lewis Trust Group Ltd. The Directors do not consider that is practicable to quantify this departure from the Companies Act 2006.

Under the merger method of accounting, the results of the subsidiary undertakings were brought into the group from the beginning of the period and corresponding figures are restated as if the group had always been in existence.

These financial statements incorporate the financial statements of the company and its subsidiaries. The company's own profit and loss account is not presented as permitted by Section 408(3) of the Companies Act 2006. The accounting periods of all subsidiaries are co-terminous with that of the parent undertaking.

Overseas subsidiaries, joint ventures and associates

The financial statements of some overseas subsidiaries, joint ventures and associates do not conform to the group's accounting policies but appropriate adjustments are made on consolidation in order to present the consolidated financial statements on a consistent basis.

Joint ventures and associates

Where the group does not have majority control, interests in associated undertakings and joint ventures are accounted for using the equity and gross equity methods of accounting respectively. The consolidated profit and loss account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based upon audited financial statements for the year. In the consolidated balance sheet, the interests in associated undertakings is shown as the group's share of the net assets, and the interests in joint ventures is shown as the group's share of gross assets and liabilities inclusive of any goodwill. Any premium on acquisition is dealt with in accordance with the policy for goodwill.

Goodwill

Goodwill represents the difference between the fair value of the consideration for acquiring new and additional interests in subsidiaries over the fair value of the assets acquired. Goodwill is capitalised and amortised over its useful economic life of 20 years in accordance with Financial Reporting Standard 10: Goodwill and Intangible Assets. Negative goodwill is released over the period of consumption of the non-monetary assets that it relates to.

1 Accounting policies (continued)

Non-consolidated subsidiaries
Certain subsidiary undertakings have been excluded from the consolidated financial statements due to severe long term restrictions on the exercise of rights over the assets and management of the undertakings. Further details are given in note 21.

- **Turnover**
  Turnover represents amounts receivable from third parties, exclusive of VAT and similar sales taxes, from the supply of goods and services, the rental of properties and the dealing in securities. Revenue from the supply of goods is recognised when the risks and rewards of owning the goods has passed to the customer, which is generally on the point of sale. Online, franchise and wholesale sales are recognised on despatch of goods to customers. Revenue from the supply of hotel accommodation and ancillary services is recognised as earned on the close of business each day. Advance reservations represent deposits received from guests for future reservations. These deposits are shown in creditors until the services are provided, at which time they are released to turnover. Banking fee and commission income is accounted for in the period when receivable.

- **Accrued income**
  Rental income from investment properties is recognised for the rent free period granted to certain tenants as part of the terms of their leases. These amounts are based upon future minimum rental payments and are allocated on a straight line basis over the period to the end of the lease or to the date rentals are expected to revert to prevailing market rate, or the period to the end of the lease if earlier.

  Amounts received on long term accommodation contracts are allocated in accordance with actual use.

- **Tangible fixed assets**
  Tangible fixed assets including hotels are stated at depreciated historical cost, or in the case of properties, at valuation.

  Certain expenses relating to the acquisition, development and construction of hotels and investment property, including interest, are capitalised while development and construction are in progress.

Fixed assets - operating
Freehold and long leasehold investment properties are revalued annually and shown in the financial statements at their market value based on existing use.

All other operating fixed assets, including hotels, are shown at depreciated historical cost less any provision for impairment. Land is not depreciated.

Depreciation is provided in order to write off the cost of operating assets on an annual basis as follows:

  - *Freehold properties*
    Straight line basis over the life of the building element of the property subject to a maximum of 50 years

  - *Long leasehold properties*
    Straight line basis over the life of the lease up to a maximum of 50 years in relation to the building element

1 Accounting policies (continued)

Fixed assets – operating (continued)

- *Hotel buildings*
  Straight line basis over estimated remaining life of up to 50 years
- *Plant and equipment*
  Between 4% and 40% on a straight line basis
- *Motor vehicles*
  Between 25% and 30% on a written down value basis

Fixed assets - Investment properties
In accordance with Statement of Standard Accounting Practice 19: Accounting for Investment Properties, investment properties are revalued annually and shown in the financial statements at open market value. The aggregate surplus or deficit is transferred to the revaluation reserve. Any permanent diminution is charged to the profit and loss account in the year in which it arises.

No depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to expiry. This treatment is a departure from the requirements of the Companies Act 2006 concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and, in line with SSAP 19, the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Buildings under construction are stated at cost with no provision for depreciation and are not revalued.

Depreciation is provided in order to write off the cost of short leasehold properties and plant and installations on an annual basis as follows:

- *Short leasehold properties*
  Straight line basis over the life of the lease

- *Plant and installations*
  Between 15% and 40% on either a straight line or a written down value basis

- **Purchases and sales of properties**
  Purchases and sales of properties are accounted for at the date of completion of the relevant transaction.

- **Leases**
  As the group holds no finance leases, all leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

- **Stocks**
  Stocks are stated at the lower of cost and net realisable value. Where stock represents property acquired for development, cost comprises the purchase cost of land and buildings and development expenditure.

- **Pensions**
  Pensions are accounted for in accordance with Financial Reporting Standards 17: Retirement Benefits. Contributions to the group's defined contribution schemes are charged to the profit and loss account in the year in which they become payable.

1 Accounting policies (continued)

- **Pensions (continued)**
  For defined benefit schemes, pensions scheme assets are measured using market values, and pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

  The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items, and, in the statement of total recognised gains and losses, actuarial gains and losses.

- **Deferred taxation**
  In accordance with Financial Reporting Standard 19: Deferred Tax, deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for:

  - Timing differences arising on revalued properties unless the group has entered into a binding sale agreement at the year end and is not intending to take advantage of rollover relief; and
  - Deferred tax assets which are only recognised to the extent that the group anticipates making suitable taxable profits in the future to absorb the reversal of the underlying timing differences.

  Deferred tax balances are not discounted.

- **Foreign currencies**
  Trading transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction, or, when covered by a related currency forward contract, the contract rate.

  Assets and liabilities denominated in foreign currencies are translated into sterling at year end rates of exchange, or, when matched by currency forward contracts, the contract rate. Exchange differences arising on translating opening net assets at the opening rate and the results of overseas operations at the actual rate are recognised in reserves. All other differences are recognised in the profit and loss account.

  Profit and loss accounts of group undertakings which are prepared in foreign currencies are translated into sterling at average rates of exchange.

- **Interest rate swaps**
  The interest payable or receivable under interest rate swap contracts are accounted for as an adjustment to the interest rate payable on the loans which they are hedging, such that the interest rate reflects the hedged rate. Interest rate swaps are not carried at fair value.

- **Investments**
  Investments are accounted for as fixed assets if it is the group's intention to hold them for the long term, and as current assets if they are traded on a regular basis. Investments held as fixed assets are stated at cost less any provision for permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.

- **Liquid resources**
  For the purpose of the cash flow statement, liquid resources are defined as current asset investments, cash on deposit and restricted cash at bank.

- **Bank deposit liabilities**
  Bank deposit liabilities represent the amount owed by the group to bank customers who have deposited cash in accounts held by the group's banking subsidiary.

2 Turnover and profit before tax

2.1 *Analysis of turnover and profit before tax*

Analysis of turnover

	Turnover excluding intra group sales		Turnover including intra group sales	
	2014	2013	**2014**	2013
	£million	£million	**£million**	£million
Retailing and wholesaling	**925.8**	838.6	**925.8**	838.6
Hotels, travel and tourism	**36.6**	41.4	**38.0**	44.0
Property	**67.0**	34.2	**71.0**	40.5
Investment and finance	**4.5**	4.0	**4.7**	4.2
	1,033.9	918.2	**1,039.5**	927.3

	Turnover by geographical market - destination	
	2014	2013
	£million	£million
Overseas:		
- group and share of joint ventures	**122.1**	123.1
- less share of joint ventures' turnover	**(2.1)**	(2.0)
	120.0	121.1
United Kingdom	**913.9**	797.1
	1,033.9	918.2

Analysis of profit before tax

	Continuing Operations	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
	2014	**2014**	**2014**	2013	2013	2013
	£million	**£million**	**£million**	£million	£million	£million
Retailing and wholesaling	**1.3**	**1,447.0**	**1,448.3**	1.7	88.0	89.7
Hotels, travel and tourism	**(29.1)**	**-**	**(29.1)**	(5.4)	-	(5.4)
Property	**30.0**	**-**	**30.0**	7.8	-	7.8
Investment and finance	**(30.3)**	**-**	**(30.3)**	(31.1)	-	(31.1)
	(28.1)	**1,447.0**	**1,418.9**	(27.0)	88.0	61.0

The group has taken advantage of the exemption not to fully disclose segmental information as required by Statement of Standard Accounting Practice 25: Segmental Reporting, because in the opinion of the directors disclosure would be seriously prejudicial to the interests of the group.

2 Turnover and profit before tax (continued)

2.2 The profit on ordinary activities before taxation has been arrived at after charging/(crediting):

	2014 £million	2013 £million
Depreciation and amortisation	**38.2**	35.4
Principal auditors' remuneration:		
Audit of the parent and the consolidation	**0.1**	0.1
Audit of the subsidiaries pursuant to legislation	**0.4**	0.4
Other auditors' remuneration:		
Audit	**0.3**	0.2
Non-audit	**-**	-
Directors' remuneration for management services:		
Emoluments	**2.5**	1.7
Operating lease rentals:		
Plant and machinery	**1.1**	0.5
Land and buildings	**82.3**	82.2
Other provision costs:		
Defined contribution pension cost	**2.4**	1.2
Defined benefit pension cost	**0.1**	1.1
Plant and equipment scrapped	**6.8**	0.2
Leasehold assets scrapped	**0.5**	0.3
Currency translation (gains)/losses	**(1.2)**	0.1
Other income comprises:		
Income from listed investments	**2.0**	1.5
Income from non-listed investments	**2.6**	2.6
Financial instrument gains	**0.6**	0.6
Other	**0.3**	0.2
	5.5	4.9
Interest receivable:		
Interest from bank deposits and other loans	**2.8**	2.5
Profit on sale of loan	**-**	7.5
	2.8	10.0
Interest payable and similar charges:		
Interest on loans and overdrafts	**41.5**	48.8
Financial instrument losses	**0.5**	0.6
Other finance charges	**(1.0)**	0.4
	41.0	49.8

3 *Directors and employees*

	2014 **£million**	2013 £million
Aggregate directors' emoluments	**2.5**	1.7
Contributions to the pension scheme paid on behalf of the directors	**-**	-
Emoluments of the highest paid director	**0.9**	0.5
Accrued benefits of highest paid director under a defined benefit scheme:		
Annual pension	**-**	0.3

	2014 **Number**	2013 Number
Number of directors in defined benefit schemes	**3**	3

	2014 **£million**	2013 £million
Employee costs including directors were:		
Wages and salaries	**147.4**	128.9
Social security costs	**11.0**	10.0
Other pension costs	**2.8**	1.6
	161.2	140.5

	2014		2013	
	Full time number	**Part time number**	Full time number	Part time number
The group's average number of employees during the year were:				
Operations	**2,315**	**7,995**	2,498	7,978
Administration	**1,534**	**137**	1,406	171
	3,849	**8,132**	3,904	8,149

4 Taxation on ordinary activities

	2014 £million	2013 £million
UK corporation tax		
Corporation tax on profits for the year	**33.0**	15.1
Adjustments in respect of previous years	**(5.7)**	(1.7)
Total current UK tax	**27.3**	13.4
Foreign tax		
Current tax on foreign income for the year	**1.6**	2.1
Adjustments in respect of previous years	**(0.4)**	(1.3)
Total current foreign tax	**1.2**	0.8
Total current tax	**28.5**	14.2
Deferred tax		
Origination and reversal of timing differences	**(7.3)**	1.5
Taxation on profit on ordinary activities	**21.2**	15.7

The tax assessed for the year differs from the standard rate of corporation tax in the UK for the reasons explained below.

	2014 £million	2013 £million
Profit on ordinary activities before taxation	**1,418.9**	61.0
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 21.50% (2013: 23.25%)	**305.1**	14.2
Effects of:		
Expenses not deducted for tax purposes	**5.3**	3.3
Minority interests	**(2.8)**	(0.2)
Non taxable income	**(0.8)**	(0.7)
Depreciation in excess of capital allowances	**7.0**	(2.2)
Profit on disposal of investments	**(279.2)**	(1.7)
(Profit)/loss on disposal of fixed assets	**(0.9)**	0.2
Dividends	**(0.4)**	(0.4)
Overseas losses carried forward	**4.8**	5.1
Adjustments to tax charge in respect of previous years	**(6.1)**	(3.0)
Other taxes	**0.4**	0.2
Withholding taxes	**1.0**	-
Losses utilised	**(4.3)**	(0.3)
Differences in foreign taxes on overseas activities	**(0.6)**	(0.3)
Current tax charge for the year	**28.5**	14.2

5 Loss for the financial year

	2014 £million	2013 £million
Loss of the parent company for the year	**(19.4)**	(26.2)

6 Intangible assets

Group	Positive Goodwill £million	Negative Goodwill £million	Total Goodwill £million
Cost			
At 1 January 2014 and at 31 December 2014	14.5	(1.7)	12.8
Amortisation			
At 1 January 2014	2.8	(0.8)	2.0
Charge/(credit) for year	1.0	(0.1)	0.9
At 31 December 2014	3.8	(0.9)	2.9
Net book value			
At 31 December 2014	**10.7**	**(0.8)**	**9.9**
At 31 December 2013	11.7	(0.9)	10.8

7 Tangible assets

	Group		
	Land and Buildings (see below) £million	Plant, equipment and vehicles £million	Total £million
Cost or valuation			
At 1 January 2014	430.1	418.8	848.9
Additions at cost	47.1	42.2	89.3
Currency translation differences	15.8	0.6	16.4
Revaluation	8.8	-	8.8
Reclassification	(0.6)	0.6	-
Disposal of subsidiary	(20.9)	(409.0)	(429.9)
Disposals	(93.7)	(19.8)	(113.5)
At 31 December 2014	386.6	33.4	420.0
Depreciation			
At 1 January 2014	34.7	320.6	355.3
Charge for year	5.2	32.1	37.3
Currency translation differences	1.4	0.3	1.7
Disposal of subsidiary	(9.6)	(319.3)	(328.9)
Disposals	(0.6)	(12.4)	(13.0)
At 31 December 2014	31.1	21.3	52.4
Net book value			
At 31 December 2014	**355.5**	**12.1**	**367.6**
At 31 December 2013	395.4	98.2	493.6

7 Tangible assets (continued)

	Land and Buildings – Group			
Cost or valuation	Freehold £million	Short Leasehold £million	Buildings Under construction £million	Total £million
At 1 January 2014	385.3	22.2	22.6	430.1
Additions at cost	37.1	0.2	9.8	47.1
Currency translation differences	14.5	-	1.3	15.8
Revaluation	8.4	0.4	-	8.8
Reclassification	11.0	-	(11.6)	(0.6)
Disposal of subsidiary	(0.1)	(20.8)	-	(20.9)
Disposals	(92.9)	(0.8)	-	(93.7)
At 31 December 2014	363.3	1.2	22.1	386.6
Depreciation				
At 1 January 2014	26.6	8.1	-	34.7
Charge for year	3.3	1.9	-	5.2
Currency translation differences	1.7	(0.3)	-	1.4
Disposal of subsidiary	-	(9.6)	-	(9.6)
Disposals	(0.5)	(0.1)	-	(0.6)
At 31 December 2014	31.1	-	-	31.1
Net book value				
At 31 December 2014	**322.2**	**1.2**	**22.1**	**355.5**
At 31 December 2013	358.7	14.1	22.6	395.4

The above includes a category of assets, hotels, which are not revalued. These are analysed in the table below.

	Land and Buildings – Hotels
Cost	Freehold £million
At 1 January 2014	136.1
Additions at cost	1.4
Currency translation differences	8.4
Disposals	(1.9)
At 31 December 2014	144.0
Depreciation	
At 1 January 2014	24.9
Charge for year	3.2
Disposals	(0.5)
Currency translation differences	1.7
At 31 December 2014	29.3
Net book value	
At 31 December 2014	**114.7**
At 31 December 2013	111.2

7 Tangible assets (continued)

Group

The net book value of investment properties included in land and buildings is analysed as follows:

	Freehold £million	Short Leasehold £million	Total £million
At 31 December 2014	**203.1**	**1.4**	**204.5**
At 31 December 2013	229.9	1.4	231.3

The historic cost of land and buildings classified as investment properties is £314.5 million (2013: £355.7 million).

The gross value of land and buildings is analysed as follows:

	2014 £million	2013 £million
Properties stated at year end valuation	**206.2**	257.9
Properties stated at cost	**180.4**	172.2
	386.6	430.1

Freehold and long leasehold properties, other than hotels, are revalued annually by an employee of the group who is a member of the Royal Institution of Chartered Surveyors; these assets are recorded at current valuation based on existing use or open market value in the case of investment properties. Additionally, these freehold and leasehold properties are valued at least every five years, on a rolling basis, by an independent firm of chartered surveyors in accordance with the Royal Institution of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes. All other tangible fixed assets are stated at depreciated historic cost less any provision for impairment.

8 Fixed asset investments

Company

	Shares in subsidiary undertakings 2014 £million	2013 £million
Cost and net book value		
At 1 January 2014 and 31 December 2014	**1,939.0**	1,939.0

Group

	Analysis by category of investment			
	Joint ventures - Net investment £million	Investments in associated undertakings (see below) £million	Unlisted investments - Shares £million	Total £million
Cost				
At 1 January 2014	48.6	8.7	65.2	122.5
Additions	0.6	0.5	4.1	5.2
Share of (loss)/profit for the year	(1.5)	0.2	-	(1.3)
Share of deficit on revaluation	(0.1)	-	-	(0.1)
Cash distributions	-	-	(4.4)	(4.4)
Currency translation differences	2.7	0.1	(0.9)	1.9
Disposals and write offs	(2.9)	-	(4.7)	(7.6)
At 31 December 2014	47.4	9.5	59.3	116.2
Provisions				
At 1 January 2014	-	4.8	26.2	31.0
Charge/(credit) for year	-	0.2	(1.5)	(1.3)
Disposals and write offs	-	-	(5.9)	(5.9)
Currency translation differences	-	-	(0.7)	(0.7)
At 31 December 2014	-	5.0	18.1	23.1
Net book value				
At 31 December 2014	**47.4**	**4.5**	**41.2**	**93.1**
At 31 December 2013	48.6	3.9	39.0	91.5

8 Fixed asset investments (continued)

	Investments in associated undertakings		
	Shares £million	Advances £million	Total £million
Cost or valuation			
At 1 January 2014	0.6	8.1	8.7
Additions	-	0.5	0.5
Share of profit for the year	-	0.2	0.2
Currency translation differences	-	0.1	0.1
At 31 December 2014	0.6	8.9	9.5
Provisions			
At 1 January 2014	-	4.8	4.8
Charge for the year	-	0.2	0.2
At 31 December 2014	-	5.0	5.0
Net book value			
At 31 December 2014	**0.6**	**3.9**	**4.5**
At 31 December 2013	0.6	3.3	3.9

8 Fixed asset investments (continued)

Principal subsidiary undertakings
The company's subsidiaries, all of which are included in the consolidated financial statements, are set out below:

Company	Country of incorporation	% of equity held by the Group	Nature of business
601CM LLC	USA	Variable	Property trading
621 Capital Mall LLC	USA	53.72	Property development
A V Delaware Holdings Limited	USA	95.63	Holding company
Acorn CM	Liberia	95.63	Holding company
Acorn International Hotels Corporation	Cayman Islands	95.63	Holding and service company
Acorn International Hotels S.A.	Spain	95.63	Hotels
Acorn SP	Liberia	95.63	Holding company
AIH (Nevada) Inc	USA	77.38	Property investment
AIH Holdings Inc.	USA	77.38	Holding company
AIHTX Investments LLC	USA	77.38	Property investment
All Abroad Ltd	England	100.00	Dormant
Alpine Circle LLC	USA	76.38	Property development
Alster HI Limited	England	100.00	Property investment
Avenue Asset Limited	Scotland	100.00	Investment management
Bradville Inc.	USA	71.72	Property development
Britannia Pacific Development LLC	USA	95.63	Property development
Britannia Pacific Hospitality Company	USA	100.00	Hotel ownership and operations
Britannia Pacific Investors LLC	USA	77.38	Property investment
Britannia Pacific Management Inc	USA	77.38	Property investment
Britannia Pacific Properties Inc.	USA	77.38	Property development
Bullfinch Congress Holdings LLC	USA	50.00	Property investment
Carlyle Reality Halley Coinvestment IV LP	USA	Variable	Property investment
Cavendish Asset Management Limited	England	100.00	Investment portfolio management
Cavendish Nominees	England	100.00	Dormant
Cavendish Square Investments Limited	England	100.00	Property investment
Cavendish Square Secretariat	England	100.00	Company secretary
CBA Inc	Liberia	95.63	Holding company
CCB Trustees	England	100.00	Investment company
Centre 500 Limited	England	100.00	Property services
Chelsea Girl Limited	England	100.00	Dormant
Chertsey Developments Limited	Bahamas	95.63	Holiday accommodation
City & Country Edinburgh Limited	England	75.00	Property investment
Club Royal Marketing Ltd	Israel	100.00	Dormant
Club Royal Two Thousand Limited	Israel	100.00	Holiday clubs
Concred Properties Limited	England	100.00	Dormant
Consolidated Credits & Discounts (Nominees) Ltd	England	100.00	Dormant
Consolidated Credits Bank Limited	England	100.00	Banking services
East Coast Hospitality Company	USA	50.00	Hotel Operations
EFG Phoenix LLC	USA	71.72	Holding company
Elmshott Homes Limited	England	100.00	Property investment
Evergreen/Britannia 013	USA	78.29	Hotel ownership
Evergreen/Britannia 023	USA	78.29	Hotel ownership
Evergreen/Britannia 025	USA	78.29	Hotel ownership
Evergreen/Britannia 026 LLC	USA	77.38	Property development

8 Fixed asset investments (continued)

	Company	Country of incorporation	% of equity held by the Group	Nature of business
	Evergreen/Britannia Land Joint Venture (D)	USA	58.03	Property development
	Evergreen/Britannia Land Joint Venture (E)	USA	38.69	Property development
	Evergreen/Folsom Corporate Centre 2	USA	77.92	Hotel ownership
	Evergreen/Folsom Gateway	USA	76.38	Holding company
	Evergreen/Folsom Land Joint Venture	USA	53.79	Property development
	Evergreen/Rocklin Land Joint Venture	USA	75.00	Property trading
	Evergreen/Zinfandel 37	USA	95.85	Property development
	Evergreen/Zinfandel 69	USA	95.85	Holding company
	Evergreen/Zinfandel 77	USA	95.85	Hotel ownership
	EZ/RH Windy Hill LLC	USA	Variable	Hotel ownership
	EZ69/RH Windy Hill LLC	USA	Variable	Hotel ownership
	Gustav (Euro) Limited	England	100.00	Investment company
	Handmade Hospitality Company	USA	76.38	Property development
	IBZ Corporation	Liberia	95.63	Holding company
#	IHS (Thailand) Limited	Thailand	73.98	Hotel investment
#	IHS (Tong Nan) Limited	Thailand	49.00	Hotel investment
	IHS International Hotel Services Limited	England	100.00	Hotel management and travel consultants
	Inexcal Inc.	USA	71.72	Holding company
	Inexco International	Liberia	95.63	Holding company
	International Holiday Exchange (I.H.E) Ltd	Israel	100.00	Dormant
	Israpart Havat Habaron Ltd	Israel	100.00	Dormant
	Israpart Hotel Management Ltd	Israel	100.00	Dormant
	Josey Lake LP	USA	Variable	Property investment
	Kiridhara Co. Limited	Thailand	83.83	Property development
	Lagoona Hotel Ltd	Israel	90.74	Hotels
	Lecal NV	Netherlands	100.00	Dormant
	Lewis (Ayr) Limited	England	100.00	Property investment
	Lewis Trust Group (Ireland) Limited	Ireland	100.00	Investment company
	Lewis Trust Group (Luxembourg) Sarl	Luxembourg	100.00	Holding company
	Lewis Trust Group Limited	England	100.00	Holding company
*	Lewis Trust Holdings Limited	England	100.00	Holding company
	London & Overseas Property and Investment Co Limited	England	100.00	Property investment
	LTG (IAS) Limited	England	100.00	Finance company
	LTG International Limited	England	100.00	Investment company
	LTG Pension Trustees Limited	England	100.00	Dormant
	Lyncom Holdings Limited	England	100.00	Property investment
	Mammoth View LLC	USA	76.38	Property development
	Mammoth View Two LLC	USA	76.38	Property development
	Nadiv Investments S.A.	Luxembourg	70.00	Property investment
	Parcel 4 Holdings LLC	USA	71.72	Holding company
	Parcel 4 LLC	USA	71.72	Property development
	Property Management Churchview Ltd	England	100.00	Property investment
	RC/PB Inc.	USA	50.00	Hotel management
	RCP Lakeview Senior Living Ltd	USA	Variable	Property investment
	RI Fashion Sp Zoo – Joint Venture	Poland	50.00	Retailer

8 Fixed asset investments (continued)

	Company	Country of incorporation	% of equity held by the Group	Nature of business
	River Island (Australia) Pty Ltd	Australia	100.00	Retailer
	River Island (Germany) Gmbh	Germany	100.00	Retailer
	River Island (Singapore) PTE	Singapore	100.00	Retailer
o	River Island (Sweden) AB	Sweden	100.00	Retailer
	River Island Card Services Limited	England	100.00	Finance company
o	River Island Clothing Co. Limited	England	100.00	Retailers and manufacturers of fashion wear
o	River Island Clothing Company (Ireland) Ltd	Ireland	100.00	Retailer
o	River Island Holdings Limited	England	100.00	Holding company
	River Island Rus LLC	Russia	50.00	Retailer
	Roseville Open Space LLC	USA	38.69	Dormant
	Shop Holdings & General Property Developments Limited	England	100.00	Property investment
	Shop Holdings & General (Estates) Ltd	England	100.00	Property investment
	Southbank Development LLC	USA	Variable	Property development
	Spa Products Inc	USA	100.00	Hotels
	Sure-Wings Limited	England	100.00	Aircraft operator and agent
	TCG Westworth Village Campus LLC	USA	58.04	Property investment
#	Tevalai Co. Limited	Thailand	49.00	Hotel investment
	The Big Yellow Corporation Limited	England	100.00	International franchise
	The Club At 621 LLC	USA	53.72	Property development
	Tong Nan Holdings Limited	Thailand	73.99	Hotel investment
	UK & European Investment Properties Ltd	England	100.00	Holding company
	UK & European Investments (Bristol) Ltd	Jersey	100.00	Property investment
	UK & European Investments (Redhill) Ltd	Jersey	100.00	Property investment
	UK & European Investments Limited	England	98.89	Holding company
	UK & European Investments Property Developments Limited	England	100.00	Property investment
	UKEI (Finance) Limited	England	100.00	Finance company
	UKI (C500) Limited	England	100.00	Property development
	UKI (Cardiff) Limited	England	100.00	Property investment
	UKI (Dollar Bay) Limited	England	100.00	Property development
	UKI (Fleet Street) Limited	England	100.00	Property development
	UKI (Goldhawk) Limited	England	100.00	Property development
	UKI (Kingsway) Limited	England	100.00	Property development
	UKI (LN) Limited	England	100.00	Holding company
	UKI (Redchurch) Limited	England	100.00	Property development
	UKI (Shoreditch) Limited	England	100.00	Property development
	UKI (South Bank) Limited Partnership	England	50.00	Property investment
	UKI (South Bank) Limited	England	100.00	Holding company
	UKI (Templeback) Limited	England	100.00	Property development
	UKI (Thomas Road) Limited	England	100.00	Property development
	UKI (Wembley) Limited	England	100.00	Property development
	UKI Boston LLC	USA	100.00	Property investment
	UKI Broadway Inc.	USA	100.00	Property development
	UKI Caribbean Limited	England	100.00	Property development
	UKI Congress Inc.	USA	100.00	Property development
	UKI Investments Inc	USA	100.00	Property investment
	UKI Lot A Inc.	USA	100.00	Property development

8 Fixed asset investments (continued)

Company	Country of incorporation	% of equity held by the Group	Nature of business
UKI Octagon Limited	England	100.00	Property development
UKI Providence Inc.	USA	100.00	Hotel ownership and operations
UKI Raintree Inc.	USA	100.00	Property development
UKI Rocklin Inc.	USA	100.00	Property development
UKI Shopping Centres Limited	England	100.00	Property development
Walendow II	Poland	100.00	House builder
Waterview Fashion BV – Joint Venture	Netherlands	50.00	Holding company
Westfield Homes Limited	England	100.00	Property trading
Westmark (Amberleigh) Limited	England	100.00	Property trading
Westmark (Barbados)	Barbados	100.00	Property development
Westmark (Bath) Limited	England	100.00	Property trading
Westmark (Bloomswood) Limited	England	100.00	Property development
Westmark (Cabot) Limited	England	100.00	Property development
Westmark (Lettings) Limited	England	100.00	Property development
Westmark (St Lucia) Ltd	St Lucia	100.00	Property development
Westmark (Zaborowek)	Poland	100.00	Dormant
Westmark Developments Limited	England	100.00	Property development
Westmark Investment Properties Limited	England	100.00	Property development
Westmark Polska S.P. Z.O.O.	Poland	100.00	Property development
Westminster Street Hotel LLC	USA	75.00	Hotel ownership and operations
Westmark-Walendow 2 Spolka z ograniczona odpowiedzialnoscia SK	Poland	100.00	Property investment
Westpark Inc	USA	77.38	Holding company
Westworld Inc.	USA	77.38	Property development
Windy Hill Hospitality Company	USA	95.63	Hotel operations
ZH 37 Inc	USA	95.63	Holding company
ZH 44 Inc	USA	95.63	Holding company
ZH 59 Inc	USA	95.63	Holding company
ZH 69 Inc	USA	95.63	Holding company
Zinfandel Acquisitions Inc	USA	95.63	Property development
Zinfandel Holdings Inc.	USA	95.63	Property development

The rights attached to the group's shares in IHS (Tong Nan) Limited, IHS (Thailand) Limited, and Tevalai Co. Limited rank above the rights of other shares in issue and thereby give the group effective control of these companies. Accordingly, the results and net assets of these companies are consolidated in the financial statements.

* Company directly held.

o These companies were disposed to a subsidiary of the group's ultimate parent company on 28 December 2014 (see note 24).

Investments in subsidiaries are all held as ordinary shares.

8 Fixed asset investments (continued)

The group's principal investments in associated undertakings are a 20.13% interest in the ordinary share capital of Bafra Tourism and Trading Limited and a 20.13% interest in the ordinary share capital of Tavor Properties Limited. Both companies are incorporated in the Turkish Republic of Northern Cyprus and are holiday property development companies.

The group's principal joint venture interests are a 47.88% investment in South West Land Investments LLC, and a 50% investment in Bullfinch Congress Holdings LLC. Both are incorporated in USA, and their principal activity is property investment.

Certain UK subsidiary undertakings where 100.00% of the equity is held by the group via UK & European Investments Limited and whose principal activity is that of property investment have been excluded from the group accounts. However, the group's equity shareholdings in these have remained unchanged. Further details are given in note 21.

9 Stock

	Group	
	2014	2013
	£million	£million
Raw material and consumables	**0.4**	14.5
Work in progress	-	2.8
Property developments work in progress	**86.6**	96.3
Finished goods and goods for resale	-	73.4
	87.0	187.0

The replacement cost of stock is not considered to be materially different from the carrying value.

10 Debtors

	Group		Company	
	2014	2013	**2014**	2013
	£million	£million	**£million**	£million
Amounts falling due within one year				
Trade debtors	**13.1**	29.4	-	-
Amounts due from group undertakings	**471.9**	45.6	**456.1**	107.9
Amounts due from group undertakings – non consolidated (note 21)	**1.7**	-	-	-
Other debtors (see below)	**17.1**	17.6	**4.3**	-
Prepayments and accrued income	**27.0**	34.3	-	-
	530.8	126.9	**460.4**	107.9
Amounts falling due after one year				
Other debtors (see below)	**3.6**	23.8	-	-
Prepayments and accrued income	**6.1**	7.3	-	-
Amounts due from group undertakings	**100.2**	107.7	-	-
	109.9	138.8	-	-
Total debtors	**640.7**	265.7	**460.4**	107.9

10 Debtors (continued)

	Group		Company	
Other debtors due within one year comprise:	**2014**	2013	**2014**	2013
	£million	£million	**£million**	£million
Amounts due on banking accounts	**2.0**	2.8	-	-
Other loans	**1.9**	-	-	-
UK deferred tax asset (see below)	**1.2**	0.8	-	-
Tax recoverable	**4.6**	0.5	**4.3**	-
Sundry debtors	**7.4**	13.5	-	-
	17.1	17.6	**4.3**	-
Other debtors due after more than one year comprise:				
Deferred tax asset - UK (see below)	-	3.4	-	-
Deferred tax asset - overseas (see below)	**3.6**	20.4	-	-
	3.6	23.8	-	-

Analysis of UK deferred tax asset due within one year movement during the year:

Balance at 1 January	**0.8**	1.2	-	-
Credit/(charge) during the year	**0.4**	(0.4)	-	-
Balance at 31 December	**1.2**	0.8	-	-

The closing balance of UK deferred tax asset due within one year is in respect of:

Short term timing differences	**1.2**	0.8	-	-

Analysis of UK deferred tax asset due after more than one year movement during the year:

Balance at 1 January	**3.4**	2.2	-	-
Credited during the year	**1.4**	1.2	-	-
Disposal of subsidiary	**(4.8)**	-	-	-
Balance at 31 December	-	3.4	-	-

The closing balance of the UK deferred tax asset is in respect of accelerated capital allowances.

Analysis of overseas deferred tax asset due after more than one year movement during the year:

Balance at 1 January	**20.4**	23.8	-	-
Credited/(charged) during the year	**5.3**	(2.4)	-	-
Disposal of subsidiary	**(22.7)**	-	-	-
Reallocation from tax provisions	**0.5**	-	-	-
Currency translation differences	**0.1**	(1.0)	-	-
Balance at 31 December	**3.6**	20.4	-	-

The closing balance of the overseas deferred tax asset is in revenue losses for both years.

11 Current asset investments

	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Stated at lower of cost and net realisable value				
Listed investments:				
UK Stock Exchange	**96.2**	77.0	-	-
Other	**34.3**	36.2	-	-
	130.5	113.2	-	-
Unlisted investments – shares	**0.1**	-	-	-
	130.6	113.2	-	-
Market value of UK listed investments	**103.0**	91.2	-	-
Market value of other listed investments	**49.1**	47.0	-	-

12 Cash at bank and in hand

Included in cash at bank and in hand is restricted cash at bank of £2.2 million (2013: £2.3 million). This represents deposit accounts pledged by certain subsidiaries as collateral with their loan note holders, as required by the loan agreements and capital expenditure designated deposits.

13 Borrowings

(a) Repayment analysis

	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Due in one year or less	**17.2**	57.4	-	-
Due after one year but not more than two years	**3.3**	12.0	-	-
Due after two years but not more than five years	**78.2**	38.9	-	-
Due after five years payable by instalments (c)	**-**	11.0	-	-
Due after five years not payable by instalments (d)	**0.3**	0.3	-	-
Due after one year	**81.8**	62.2	-	-
Total borrowings	**99.0**	119.6	-	-

(b) Analysis of borrowings

	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Total borrowings comprise:				
Bank overdrafts due in one year or less (e)	**-**	1.0	-	-
Bank and other loans (f)	**99.0**	118.6	-	-
	99.0	119.6	-	-

13 Borrowings (continued)

(c) Analysis of borrowings due after five years payable by instalments

Type of bank loan	Interest rate %	Group 2014 £million	Group 2013 £million
In, or linked to, US Dollar	Libor +1.75	-	11.0
		-	11.0

(d) Analysis of borrowings due after five years not payable by instalments

Type of bank loan	Interest rate %	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
In, or linked to, US Dollar	Fixed 11.00	0.3	0.3	-	-
		0.3	0.3	-	-

(e) Borrowings are secured on various group properties.

(f) Bank and other loans

Type of bank loan	Interest rate %	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Secured loans					
In, or linked to, Sterling	Libor +2.25	3.6	3.6	-	-
In, or linked to, US Dollar	Libor +1.75 to 3.00	83.1	96.1	-	-
In, or linked to, Euro	Euribor +1.6 to 3.30	4.6	9.3	-	-
Total secured loans		91.3	109.0	-	-

The secured loans are secured on property and certain assets of subsidiaries of the group.

	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Unsecured loans				
Loans from minority shareholders in subsidiary companies	3.2	1.4	-	-
Loan stock	-	1.0	-	-
Loan notes	4.5	7.2	-	-
Total unsecured loans	7.7	9.6	-	-
Total loans	99.0	118.6	-	-

13 Borrowings (continued)

	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
(g) Amounts owed to fellow subsidiary - loans				
Due in one year or less	**823.5**	1,486.9	**1,927.5**	1,145.4
Due after one year	**8.9**	-	**-**	-
	832.4	1,486.9	**1,927.5**	1,145.4

14 Other creditors

Amounts falling due within one year	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Trade creditors	**3.0**	62.0	**-**	-
Amounts owed to subsidiaries not consolidated (note 21)	**8.1**	1.5	**-**	-
Corporation tax	**1.4**	2.4	**-**	-
Taxation and social security	**-**	28.2	**-**	-
Sundry creditors	**10.3**	7.8	**-**	-
Accruals and deferred income	**20.6**	72.0	**-**	-
Payments on account	**0.2**	-	**-**	-
	43.6	173.9		-
Bank deposit liabilities	**52.0**	61.4	**-**	-
Bank deposit liabilities:				
Subsidiary undertakings not consolidated (note 21)	**7.2**	0.1	**-**	-
	102.8	235.4	**-**	-

Amounts falling due after one year	Group 2014 £million	Group 2013 £million	Company 2014 £million	Company 2013 £million
Accruals and deferred income	**21.2**	23.8	**-**	-
Payments on account	**0.3**	0.3	**-**	-
	21.5	24.1	**-**	-

15 Provisions for liabilities

Group
Analysis of movements during the year

	Deferred Taxation		
	United Kingdom £million	Overseas £million	Total £million
Balance at 1 January 2014	0.9	-	0.9
Released during the year	(0.9)	-	(0.9)
Balance at 31 December 2014	-	-	-

	2014		2013	
	United Kingdom £million	**Overseas £million**	United Kingdom £million	Overseas £million
The closing deferred tax provision is in respect of:				
Short term timing differences	-	-	0.9	-
	-	-	0.9	-

Deferred tax is not provided in respect of liabilities which might arise on the distribution of unappropriated profits of overseas subsidiaries.

The liability for capital gains tax which would arise on the disposal of the revalued investment properties at their balance sheet values is £20.0 million (2013: £22.1 million) relating to properties in the United States of America and £4.5 million (2013: £3.9 million) relating to properties in the United Kingdom. No material liability for capital gains tax would arise on the disposal of other revalued properties at their book value.

16 Called up share capital

	2014 £	2013 £
At 1 January	**1,000**	1
Allotted in year	-	999
Capital reduction	**(651)**	-
At 31 December	**349**	1,000

17 Reserves

Group	Re-valuation reserve £million	Merger reserve £million	Other reserves £million	Profit and loss reserve £million	Total £million
At 1 January 2014	29.9	(1,902.2)	239.6	979.7	(653.0)
Profit for the financial year	-	-	-	1,403.0	1,403.0
Dividend paid to controlling shareholders	-	-	-	(455.7)	(455.7)
Revaluation of property net of minority interest and deferred tax	11.1	-	-	-	11.1
Transfer on disposal of subsidiaries	-	1,498.0	-	(1,498.0)	-
Transfer on disposal of revalued assets net of minority interest	(11.6)	-	-	11.6	-
Actuarial loss on pension scheme liability	-	-	-	(11.1)	(11.1)
Deferred tax effect of actuarial losses	-	-	-	1.8	1.8
Liquidated subsidiaries	-	-	0.2	-	0.2
Currency translation	-	-	-	12.3	12.3
Balance at 31 December 2014	**29.4**	**(404.2)**	**239.8**	**443.6**	**308.6**

The merger reserve arose on the 2009 group reorganisation, whereby, the company purchased the shares of Lewis Trust Group Limited from LFH International Limited. The merger reserve was calculated based on the difference between the consideration, £1,939 million and the nominal value of the shares in Lewis Trust Group Limited, £3.7 million, together with the share premium balance of £0.5 million.

The balance of the merger reserve transactions are those in connection with the 2009 acquisition of the minority interest in UK & European Investments Limited.

During the year, an amount was transferred from the merger reserve to the profit and loss account in respect of subsidiaries no longer owned by the group.

Company	Other reserves £million	Profit and loss reserve £million	Total £million
At 1 January 2014	230.0	592.3	822.3
Dividend paid to controlling shareholder	-	(425.7)	(425.7)
Loss for the financial year	-	(19.4)	(19.4)
Balance at 31 December 2014	**230.0**	**147.2**	**377.2**

The effect on the profit and loss reserve of the pension scheme liability incorporated into the financial statements is as follows:

	Group	
	2014 £million	2013 £million
Profit and loss reserve excluding pension asset/(liability)	**450.4**	978.4
Pension (liability)/asset (note 18)	**(6.8)**	1.3
Profit and loss reserve	**443.6**	979.7

18 Pension commitments

Each of the group's divisions has established pension arrangements for employees.

Assets of the group's pension schemes are held separately from those of the group, or, in the case of overseas schemes, they are held and managed in compliance with the laws and regulations applicable to the countries concerned. Cavendish Asset Management Limited, a subsidiary undertaking, manages the assets of the group's United Kingdom pension schemes; these schemes are the Lewis Trust Group Supplemental Pension Plan (LTGSPP), the Westgate Pension Plan (WPP), and the Lewis Trust Group Executive Pension Scheme (LTGEPS). Where applicable, the group's pension schemes are subject to independent valuations as prescribed by the laws and regulations of the relevant country.

On the 1 March 2013 the group created a new Group Self Invested Pension Plan (the Chelsea Pension Scheme) to replace both the LTGEPS and the WPP. The LTGEPS has subsequently been wound-up and the WPP will be wound up in the near future. Contributions to both of these schemes have now ceased. The Chelsea Pension Scheme is a defined contribution pension scheme whose assets are managed by an established third party pension provider.

The pension costs to the group, which represents contributions to the schemes and movements on a provision for early retirement amounted to £2.9 million (2013: £2.4 million) and the amount of contributions outstanding at the year end was £nil (2013: £nil).

Defined contribution pension schemes
With the exception of the LTGSPP, the group's pension schemes are accounted for as defined contribution schemes.

Hybrid pension scheme
The WPP, which provides pensions for a number of United Kingdom employees, includes provisions for a guaranteed minimum pension. The WPP has been accounted for as a defined benefit scheme during 2002, 2003, 2004, 2005, 2008, 2009, 2010, 2011, 2012, 2013 and 2014 when the scheme was in deficit, and as a defined contribution scheme in 2001, 2006 and 2007, when the scheme was in surplus. When the scheme is in deficit the employer has an obligation to make good a minimum deficit, but does not share in any surplus should one arise. The contributions rate for future years has been independently set at 3.5% of pensionable pay by a qualified actuary, plus annual payments of £58,000 for 10 years to cover the past deficit. As the WPP is in the process of being wound up, only the £58,000 annual payment has been made this year.

1 July 2009 is the date of the latest completed full actuarial valuation of the WPP. The principal annual actuarial assumptions on which this valuation was based were that the investment return would be 7.0% before retirement and 4.4% after retirement, salary increases would average 4.7% and future prices and pensions would increase at the rate of 2.4%. At the date of the actuarial valuation the market value of the scheme's assets was £8.4 million and this was sufficient to meet 50% of the accrued liabilities of the scheme. As the WPP is in the process of being wound up, no further full actuarial valuation will be performed.

Defined benefit pension schemes
The LTGSPP is a defined benefit scheme based upon final pensionable pay. The contribution rate set for future years has been independently set at 49.5% of pensionable pay by a qualified actuary.

1 July 2011 is the date of the latest full actuarial valuation of the LTGSPP for funding purposes. The principal annual actuarial assumptions on which this valuation was based were that the investment return would be 5.8% pre-retirement and 5.3% post-retirement, pensionable salary increases would average 5.8%, and future prices (Consumer Price Index) and pensions would increase at the rate of 2.8%. At the date of the actuarial valuation the market value of the scheme's assets was £42.7 million and this was sufficient to meet 87% of the solvency accrued liabilities of the scheme.

18 Pension commitments (continued)

***Defined benefit pension schemes* (continued)**

For the purpose of complying with Financial Reporting Standard 17: Retirement Benefits (FRS17), updated valuations of the LTGSPP and WPP scheme have been prepared at the 2014, 2013, 2012, 2011, and 2010 balance sheet dates. They are based upon the following assumptions:

	Rate of discount applied to liabilities	Rate of increase in salaries	Rate of increase in pensions in payment	Rate of price inflation (RPI)	Rate of price inflation (CPI)
2010 LTGSPP	5.5%	4.9%	3.4%	3.4%	-
2010 WPP	5.5%	4.9%	2.8%	3.4%	-
2011 LTGSPP	4.7%	4.4%	2.9%	2.9%	1.9%
2011 WPP	4.7%	4.4%	1.8%	2.9%	1.9%
2012 LTGSPP	4.1%	4.8%	2.8%	2.8%	1.8%
2012 WPP	4.1%	n/a	1.7%	2.8%	1.8%
2013 LTGSPP	4.5%	5.5%	2.5%	3.5%	2.5%
2013 WPP	4.5%	n/a	2.1%	3.5%	2.5%
2014 LTGSPP	**3.4%**	**5.2%**	**2.2%**	**3.2%**	**2.2%**
2014 WPP	**3.7%**	**n/a**	**2.0%**	**3.2%**	**2.2%**

The mortality assumption is based on the S1PxA light tables with CMI 2011 projections based on members' year of birth with a 1.5% trend rate.

The assets of the schemes, stated at fair market value, are categorised as follows:

	LTGSPP & WPP 2014 £million	LTGSPP & WPP 2013 £million	LTGSPP & WPP 2012 £million	LTGSPP & WPP 2011 £million	LTGSPP & WPP 2010 £million
Equities	**58.9**	58.9	46.0	38.5	43.9
Bonds	-	-	-	-	-
Cash and other assets	**12.9**	14.0	16.6	14.3	12.1
Total scheme assets	**71.8**	72.9	62.6	52.8	56.0
Present value of scheme liabilities	**(80.2)**	(71.3)	(71.8)	(65.9)	(63.7)
Deficit in schemes	**(8.4)**	1.6	(9.2)	(13.1)	(7.7)
Related deferred tax	**1.6**	(0.3)	2.7	3.6	2.3
Net pension (liability)/asset on a FRS17 basis	**(6.8)**	1.3	(6.5)	(9.5)	(5.4)

18 Pension commitments (continued)

The assumed annual rates of return per annum are:

	2014	2013	2012	2011	2010
Equities	**7.0%**	7.0%	7.0%	7.0%	7.5%
Bonds	**n/a**	n/a	n/a	n/a	n/a
Cash and other assets	**3.5%**	3.5%	3.5%	4.0%	4.5%

Movement in the pension asset/(deficit) during the year

	2014 £million	2013 £million
Surplus/(deficit) at 1 January	**1.6**	(9.2)
Current service cost	**(0.1)**	(0.1)
Employer contributions	**0.1**	1.2
Other finance income	**1.1**	0.6
Actuarial (loss)/gain	**(11.1)**	9.1
(Deficit)/surplus at 31 December	**(8.4)**	1.6

History of experience gains and losses

	2014	2013	2012	2011	2010
Difference between the expected and actual return on scheme assets					
Amount £million	**3.6**	2.9	2.6	3.0	2.4
Percentage of scheme assets	**5.08%**	4.08%	4.20%	5.76%	4.30%
Experience (loss)/gain on scheme liabilities					
Amount £million	**(7.1)**	2.1	(2.7)	(1.8)	(0.6)
Percentage of the present value of the scheme liabilities	**-8.87%**	3.07%	-3.81%	-2.69%	-0.94%
Total amount recognised in statement of total recognised gains and losses:					
Amount £million	**(11.1)**	9.1	1.0	(8.6)	5.9
Percentage of the present value of the scheme liabilities	**-13.87%**	12.80%	1.45%	13.08%	9.30%

Amounts recognised in the profit and loss account

	2014 £million	2013 £million
Current service cost	**0.1**	0.1
Interest cost	**2.5**	2.3
Expected return on scheme assets	**(3.6)**	(2.9)
	(1.0)	(0.5)

18 Pension commitments (continued)

Analysis of amount recognised in statement of total recognised gains and losses

	2014 £million	2013 £million
Actual return less expected return on pension scheme assets	(4.4)	7.8
Experience gains and losses arising on the scheme liabilities	(7.1)	2.1
Changes in assumptions underlying the present value of the scheme liabilities	0.4	(0.8)
Actuarial loss recognised in statement of total recognised gains and losses	(11.1)	9.1

Changes in the present value of scheme liabilities

	2014 £million	2013 £million
Present value of scheme liabilities at the start of the period	71.3	71.8
Interest cost	2.5	2.4
Current service cost	0.1	0.1
Actuarial loss/(gain)	7.7	(2.3)
Benefits paid	-	-
Past service cost	(2.0)	(2.5)
Net changes in DC funds	0.6	1.8
Present value of scheme liabilities at the end of the period	80.2	71.3

Changes in the market value of assets

	2014 £million	2013 £million
Market value of assets at the start of the period	72.9	62.6
Expected return on scheme assets	3.7	3.0
Actuarial (loss)/gain	(4.4)	7.8
Employer contributions	0.1	1.2
Benefits paid	(2.0)	(2.5)
Net changes in DC funds	1.5	1.8
Market value of assets at the end of the period	71.8	73.9

19 Commitments in respect of operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	2014 Land and buildings £million	2013 Land and buildings £million
Operating leases which expire:		
Within one year	0.1	5.8
In two to five years	0.7	34.8
After five years	-	44.1
Total operating lease commitments	0.8	84.7

The majority of leases for land and buildings are subject to periodic rent reviews.

A small number of hotel rents are determined by the level of the hotel's turnover subject to a maximum charge as specified in the leases.

20 Related party transactions

Loans payable by group undertakings

Loans due to certain shareholders of LFH International Limited, the parent undertaking, at the end of the year are as follows:

	2014 £million	2013 £million
Loans due to shareholders of LFH International Limited who are:		
Directors of L51N Limited	1.6	1.6
Non directors	79.5	72.5
	81.1	74.1

Of the loans due to shareholders at the end of the year, £81.1 million (2013: £74.1 million) is owed by subsidiaries not consolidated (see note 21).

Interest is calculated on certain elements of the loans at 2.50% above bank base rates and on the remainder of the loans at a fixed rate of 10.75%. Interest receivable for the year by the shareholders is as follows:

	2014 £million	2013 £million
Interest for the year due to shareholders of LFH International Limited who are:		
Directors of L51N Limited	-	-
Non directors	7.9	7.1
	7.9	7.1

Interest for the year due to shareholders includes £7.9 million (2013: £7.1 million) payable by subsidiaries not consolidated.

The group has taken advantage of the exemption conferred by Financial Reporting Standard 8: Related Party Disclosures, not to disclose transactions with wholly owned group companies.

21 Subsidiary undertakings not consolidated

In accordance with Financial Reporting Standard 2: Accounting for Subsidiary Undertakings, the subsidiary undertakings listed below have been excluded from the consolidated group financial statements because of severe long term restrictions on the exercise of the rights of the parent undertaking over the assets and management of the subsidiaries:

London & Overseas Property Investment Co. Limited

The accounts for the year ended 31 December 2014 of the subsidiary undertakings excluded from the group financial statements show an aggregate deficit on capital and reserves of £376.7 million (2013: £368.4 million) and an aggregate loss for the year of £39.1 million (2013: £38.3 million).

The investment in shares of non-consolidated subsidiary undertakings are carried in the consolidated accounts at £nil (2013: £nil) after provisions. No provision has been made in the group accounts for the deficit on capital and reserves, or the loss for the year because the directors do not expect the liabilities to be paid except out of future profits of the non-consolidated subsidiaries.

The subsidiary undertakings excluded from the consolidated group financial statements had the following balances with other group undertakings at 31 December:

	2014 £million	2013 £million
Due from group undertakings (note 10)	**1.7**	-
Due to group undertakings (note 14)	**8.1**	1.5
Due to group undertakings – bank deposit liabilities (note 14)	**7.2**	0.1

Transactions during the year between these non-consolidated subsidiary undertakings and the rest of the group were as follows:

	2014 £million	2013 £million
Rent payable by the group	**0.4**	0.4

During 2015, London & Overseas Property Investment Co. Limited was liquidated with no material impact on either the balance sheet or trading results of the group.

22 Derivatives

Group

The fair value of currency options and interest rate swaps held by the group at the end of the year is as follows:

2014		2013	
Assets £million	**Liabilities £million**	Assets £million	Liabilities £million
-	-	0.6	2.4

23 Acquisitions

On 15 July 2014, the group acquired the issued share capital of Madeley Investments SP. Z.O.O.

	Fair value £million	Fair value Adjustment £million	Book value £million
The fair value of the assets acquired were:			
Tangible fixed assets	9.8	0.4	9.4
Debtors	0.4	-	0.4
Cash at bank and in hand	0.4	-	0.4
Creditors: amount due within one year	(0.4)	-	(0.4)
Creditors: amounts due after one year	(9.8)	-	(9.8)
	0.4	0.4	-
Cash consideration	0.4		
Net assets acquired	0.4		
Goodwill on acquisition	-		

This acquisition is not considered to be material or significant to the group.

24 Disposals

On 28 December 2014, a group reconstruction occurred whereby the subsidiaries of River Island Holdings Limited, a subsidiary of the group, were sold to a subsidiary of the group's ultimate parent company, LFH International Limited for a consideration of £1,600.0 million. The new parent of the subsidiaries, (River Island Holdings (UK) Limited), has effectively stepped into the shoes of River Island Holdings Limited and used merger accounting to account for this transaction,

	River Island Clothing Co Ltd £million	River Island Clothing Co (Ireland) Ltd £million	River Island (Australia) Pty Ltd £million	River Island (Sweden) AB £million	Total £million
Sales proceeds	1,537.4	62.6	-	-	1,600.0
Tangible fixed assets	96.4	3.6	-	1.0	101.0
Stock	73.7	2.0	-	0.1	75.8
Debtors:					
- amounts due within one year	270.7	7.9	-	0.1	278.7
Cash at bank and in hand	108.9	21.6	0.1	3.0	133.6
Creditors:					
- amounts due within one year	(268.8)	(11.9)	(0.8)	(4.5)	(286.0)
- amounts due after one year	(1.0)	-	-	-	(1.0)
Net assets/(liabilities)	279.9	23.2	(0.7)	(0.3)	302.1
Profit on disposal	1,257.5	39.4	0.7	0.3	1,297.9

	£million
The net cash outflow in respect of the disposal is:	
Cash transferred on disposal	136.3

25 Ultimate parent undertaking

The company's immediate, and ultimate, parent undertaking is LFH International Limited which is registered in the Cayman Islands.

L51N Limited is the smallest, and the largest, group of which the company is a member and for which group accounts are publicly available.