

Registered number
8821214

LR (Durham) Limited

Annual report and financial statements

for the year ended
30 September 2015



LR (Durham) Limited**Annual report and financial statements for the year ended 30 September 2015****Contents**

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LR (Durham) Limited

Company information for the year ended 30 September 2015

Director

Mr R N Luck

Company secretary

Mr R N Luck

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

Registered office

Quadrant House, Floor 6

4 Thomas More Square

London

E1W 1YW

Registered number

8821214

LR (Durham) Limited
Strategic report for the year ended 30 September 2015

The director presents his strategic report for the year ended 30 September 2015.

Principal activities, review of the business and future developments

The company acts as a commercial property investment company. It made a profit of £712k for the year ended 30 September 2015 (2014: £748k) and had net assets of £1.6m for the year end (2014: £1.4m).

The company is currently funded by an inter-company loan from fellow group undertaking London and Regional Properties Limited ("LRP"). In December 2015 the company refinanced part of the LRP loan with a long-term loan of £11.5m from Santander. The loan is repayable over a term of five years ending October 2020. In the meantime LRP has indicated that it will not demand repayment of its loan to the company.

The director considers the financial position and future prospects at 30 September 2015 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.

Financial risk management

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors. Further discussion of the financial risk management objectives and policies, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report. The Group does not use derivative financial instruments for speculative purposes.

Key performance indicators

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

Going concern

The company is currently funded by a bank loan repayable in October 2020 and an inter-company loan from fellow group undertaking London and Regional Properties Limited ("LRP"). LRP has indicated that it will not demand repayment of its loan to the company within the next year. Therefore, the director considers that the company is a going concern.

By order of the board



Mr R N Luck
Company Secretary
31 March 2016

LR (Durham) Limited

Director's report for the year ended 30 September 2015

The director presents his report and the audited financial statements of the company for the year ended 30 September 2015.

Results and dividends

The results for the financial year are set out in the profit and loss account on page 7. The director does not recommend the payment of a dividend (2014: none).

The business review, financial risk management and going concern are included in the strategic report.

Directors

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

Mr L K Sebastian (resigned 21 May 2015)
Mr R N Luck

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.

The qualifying third party indemnity provision was in force during the financial year and also at the date of approval of these financial statements.

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 auditors are 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 auditors are aware of that information.

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
31 March 2016

LR (Durham) Limited

Statement of director's responsibilities for the year ended 30 September 2015

The director is responsible for preparing the strategic report 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 prepared 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 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;

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

31 March 2016

Independent auditors' report to the members of LR (Durham) Limited

Report on the financial statements

Our opinion

In our opinion, LR (Durham) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its 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.
-

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 30 September 2015;
- the profit and loss account and statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of director's responsibilities set out on page 4, the directors are 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) ("ISAs (UK & 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 parent 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Neil Mellor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 | March 2016

LR (Durham) Limited
Profit and loss account
for the year ended 30 September 2015

	Note	2015 £	2014 £
Turnover	2	1,188,275	883,538
Cost of sales		(6,857)	-
Gross profit		<u>1,181,418</u>	<u>883,538</u>
Administrative expenses		(38,325)	(26,506)
Other operating income		-	50
Operating profit	3	<u>1,143,093</u>	<u>857,082</u>
Interest receivable and similar income	4	-	182
Interest payable and similar charges	5	(431,250)	(109,491)
Profit on ordinary activities before taxation		<u>711,843</u>	<u>747,773</u>
Tax on profit on ordinary activities	7	-	-
Profit for the financial year	13	<u>711,843</u>	<u>747,773</u>

All amounts relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year/period stated above and their historical costs equivalents.

LR (Durham) Limited
Statement of total recognised gains and losses
for the year ended 30 September 2015

	Note	2015 £	2014 £
Profit for the financial year/period		711,843	747,773
Unrealised (deficit)/surplus on revaluation of investment properties	8	(500,000)	670,558
Total recognised gains and losses related to the year/period		<u>211,843</u>	<u>1,418,331</u>

LR (Durham) Limited
Balance sheet
as at 30 September 2015


Registered number
8821214

	Note	2015 £	2014 £
Fixed assets			
Investment properties	8	17,900,000	18,400,000
Current assets			
Debtors	9	355,767	2,560
Creditors: amounts falling due within one year	10	<u>(16,625,592)</u>	<u>(16,984,228)</u>
Net current liabilities		<u>(16,269,825)</u>	<u>(16,981,668)</u>
Total assets less current liabilities		1,630,175	1,418,332
Net assets		<u>1,630,175</u>	<u>1,418,332</u>
Capital and reserves			
Called up share capital	11	1	1
Revaluation reserve	12	170,558	670,558
Profit and loss account	13	1,459,616	747,773
Total shareholders' funds	14	<u>1,630,175</u>	<u>1,418,332</u>

These financial statements were approved by the director on

31 March

2016


 Mr R N Luck
 Director
 31 March 2016

LR (Durham) Limited
Notes to the financial statements
for the year ended 30 September 2015

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 period, are set out below.

Going concern

The company is currently funded by an inter-company loan from fellow group undertaking London and Regional Properties Limited ("LRP"). LRP has indicated that it will not demand repayment of its loan to the company within the next year. Therefore, the director considers that the company is a going concern.

Investment properties

In accordance with SSAP 19 'Accounting for investment properties', 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 Act 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 quantified.

Finance costs

Finance costs, including issue costs which are initially recognised as a reduction in the proceeds of the associated capital instrument, are amortised over the period of the loans in accordance with FRS 4 'Capital instruments'.

Deferred taxation

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

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

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

Cash flow statement

The company has taken advantage of the exemption in 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.

LR (Durham) Limited
Notes to the financial statements
for the year ended 30 September 2015

1 Accounting policies (continued)

Turnover

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

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

Net rental income	2015	2014
	£	£
Rental income	1,181,418	883,538
Recoverable property expenses	6,857	-
Turnover	1,188,275	883,538
Net property outgoings	-	-
Recoverable property expenses	(6,857)	-
Property outgoings	(6,857)	-
Net rental income	1,181,418	883,538

3 Operating profit

	2015	2014
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	-	-

Auditors' remuneration has been borne by London and Regional Properties Limited.

4 Interest receivable and similar income

	2015	2014
	£	£
Other interest receivable	-	182

5 Interest payable and similar charges

	2015	2014
	£	£
Other interest payable	431,250	109,491

6 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company. The company has no employees other than the directors (2014: none).

The above details of directors' emoluments do not include the emoluments which are paid by a fellow subsidiary and recharged to the company as part of a management charge. This management charge, which in 2015 amounted to £35,443 (2014: £26,506), also includes a recharge of administration costs borne by the fellow subsidiary on behalf of the company and it is not possible to identify separately the amount of the directors' emoluments. Mr Sebastian and Mr Luck are employees of a fellow subsidiary and the total emoluments of Mr Sebastian and Mr Luck are included in the aggregate of employee wages and salaries included in the financial statements of the ultimate parent company.

LR (Durham) Limited
Notes to the financial statements
for the year ended 30 September 2015

7 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 1 April 2015 the rate of corporation tax has reduced from 21% to 20%, giving a blended average rate for the year of 20.5%.

The tax assessed for the year is different (2014: different) to the blended rate of corporation tax in the UK of 20.5%; (2014: 22%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before taxation	711,843	747,773
	£	£
Profit on ordinary activities multiplied by the blended rate in the UK of 20.5% (2014: 22%)	145,928	164,510
Effects of:		
Utilisation of tax losses	(145,928)	(164,510)
Current tax charge for the year	<u>-</u>	<u>-</u>

The corporation tax charge for the year has been reduced by £234,334 (2014: £164,510) because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender will 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

Changes to the UK corporation tax rates were announced in the Chancellor's Budget in July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date the effects are not included in these financial statements.

8 Investment properties

	Freehold Land and buildings
	2015 £
Valuation	
At 1 October 2014	18,400,000
Unrealised surplus on revaluation of investment properties	<u>-</u>
At 30 September 2015	<u>18,400,000</u>
 Cost	 <u>17,729,442</u>

The investment property was valued by the director after taking independent advice from a professional valuer on an open market value basis at 30 September 2015. The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

LR (Durham) Limited
Notes to the financial statements
for the year ended 30 September 2015

9 Debtors	2015	2014
	£	£
Trade debtors	355,766	2,559
Amounts owed by group undertakings	1	1
	<u>355,767</u>	<u>2,560</u>

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

10 Creditors: amounts falling due within one year	2015	2014
	£	£
Amounts owed to group undertakings	16,234,583	16,606,258
Taxation and social security	59,304	58,941
Accruals and deferred income	331,705	319,029
	<u>16,625,592</u>	<u>16,984,228</u>

Amounts owed to group undertakings are interest free, repayable on demand and unsecured apart from £11,500,000 which bears interest at 3.75% per annum (2014: all interest free).

11 Called up share capital	2015	2014
	£	£
Authorised: 1,000 (2014: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2015	2014
	Number	Number
	£	£
Allotted, called up and fully paid: Ordinary shares of £1 each	<u>1</u>	<u>1</u>

12 Revaluation reserve	2015
	£
At 1 October 2014	670,558
Unrealised deficit on revaluation of investment properties	(500,000)
At 30 September 2015	<u>170,558</u>

13 Profit and loss reserve	2015
	£
At 1 October 2014	747,773
Profit for the financial year	711,843
At 30 September 2015	<u>1,459,616</u>

LR (Durham) Limited
Notes to the financial statements
for the year ended 30 September 2015

14 Reconciliation of movements in shareholders' funds	2015	2014
	£	£
At 1 October	1,418,332	-
Profit for the financial year/period	711,843	747,773
Unrealised (deficit)/surplus on revaluation of investment properties	(500,000)	670,558
Share issued	-	1
At 30 September	<u>1,630,175</u>	<u>1,418,332</u>

15 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.

16 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 2015. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2015. 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.