

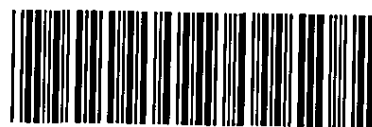
**Registered number**  
**2909660**

**London & Regional Properties Limited**

**Report and accounts**

**for the year ended**  
**30 September 2007**

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**London & Regional Properties Limited**  
**Report and accounts**  
**for the year ended 30 September 2007**

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**London & Regional Properties Limited**  
**Company information for the year ended 30 September 2007**

**Directors**

Mr C King  
Mr R Luck

**Company secretary**

Mr R N Luck

**Registered office**

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

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH  
BN3 2DL

**Registered number**

2909660

**London & Regional Properties Limited**  
**Directors' report for the year ended 30 September 2007**

The directors present their report and audited accounts of the company for the year ended 30 September 2007

**Principal activities and review of the business**

The company acts as a provider of a wide range of property management and development services. The directors consider the financial position at 30 September 2007 to be satisfactory.

**Principal risks and uncertainties**

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

**Key performance indicators**

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

**Results and dividends**

The results for the year are set out in the profit and loss account on page 5. During the year certain loans from related undertakings were waived, producing an exceptional profit of £34,539,024. The directors do not recommend the payment of a dividend (2006: £nil).

**Directors**

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

Mr I M Livingstone (resigned 4 April 2007)  
Mr C King  
Mr R Luck  
Mr J Mills (resigned 3 July 2007)

**Going concern**

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Loopsign Limited. The directors have received confirmation that Loopsign Limited intend to support the company for at least one year after these financial statements are signed.

**Qualifying third party indemnity provisions**

The company maintains liability insurance for its directors and officer. Following shareholder approval, the company has also provided an indemnity for its directors and the company secretary which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

**Independent auditors and disclosure of information to auditors**

In so far as the directors are aware

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

During the year UHY Hacker Young resigned as auditors to the company, and the directors appointed

The company passed an elective resolution during the period, pursuant to Section 386 of the Companies Act 1985, electing to dispense with the obligation to re-appoint auditors annually. The resolution remains in force.

By order of the board

Mr C King  
Director

31 July 2008

## **London & Regional Properties Limited**

### **Statement of directors' responsibilities for the year ended 30 September 2007**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

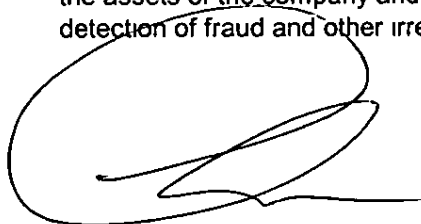
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Mr C King  
Director

31 July 2008

## **London & Regional Properties Limited**

### **Independent auditors' report to the members of London & Regional Properties Limited**

We have audited the financial statements of London & Regional Properties Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

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

12 August 2008

**London & Regional Properties Limited**  
**Profit and loss account**  
**for the year ended 30 September 2007**

	Note	2007 £	2006 £
Turnover		4,059,623	4,435,916
Administrative expenses		(13,087,066)	(18,474,766)
<b>Operating loss</b>	2	<u>(9,027,443)</u>	<u>(14,038,850)</u>
Exceptional items	4	34,541,224	(1,562,971)
<b>Profit/(loss) on ordinary activities before interest</b>		<u>25,513,781</u>	<u>(15,601,821)</u>
Income from investments		-	405,672
Interest receivable and similar income		4,984,336	1,649,657
Interest payable and similar charges	5	(8,647,135)	(1,941,710)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>21,850,982</u>	<u>(15,488,202)</u>
Tax on profit/(loss) on ordinary activities	6	-	46,178
<b>Profit/(loss) for the financial year</b>	12	<u>21,850,982</u>	<u>(15,442,024)</u>

All amounts relate to continuing operations

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

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

**London & Regional Properties Limited**  
**Balance sheet**  
**as at 30 September 2007**

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	3,904,827	4,328,202
Investments	8	118,856,847	18,828
		<u>122,761,674</u>	<u>4,347,030</u>
<b>Current assets</b>			
Debtors	9	446,610,943	448,140,834
Cash at bank and in hand		49,167,224	84,085,405
		<u>495,778,167</u>	<u>532,226,239</u>
<b>Creditors: amounts falling due within one year</b>	10	(621,355,142)	(561,239,552)
<b>Net current liabilities</b>		<u>(125,576,975)</u>	<u>(29,013,313)</u>
<b>Net liabilities</b>		<u>(2,815,301)</u>	<u>(24,666,283)</u>
<b>Capital and reserves</b>			
Called up share capital	11	8	8
Profit and loss account	12	(2,815,309)	(24,666,291)
<b>Shareholders' funds</b>			
Equity		(2,815,307)	(24,666,289)
Non-equity		6	6
<b>Total shareholders' deficit</b>	13	<u>(2,815,301)</u>	<u>(24,666,283)</u>



Mr C King  
**Director**

31 July 2008



**London & Regional Properties Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

**1 Accounting policies**

**Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention as modified to include the revaluation of investment properties, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

**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.

**Development properties**

Development properties represent property held with the intention of resale. Development property is included at the lower of cost and net realisable value. Where cost exceeds the value of the property then adjustments are made to write down the value accordingly. Cost represents all costs incurred to the balance sheet date but does not include any interest costs.

**Investments**

All investments are stated at cost, less amounts written off.

**Turnover**

Turnover comprises management charges receivable from group undertakings and other sundry turnover net of value added tax, recognised when the risks and rewards are transferred.

**Depreciation**

Provision is made for depreciation on all tangible assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Fixtures & Fittings	20% per annum on a straight line basis
Motor Vehicles	20% per annum on a straight line basis
Airplane	6.67% per annum on a straight line basis

**Pension**

The pension cost charge in the financial statements represents the contributions payable by the company during the year.

**Operating leases**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**Investment in subsidiary undertakings**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

**London & Regional Properties Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

**1 Accounting policies (continued)**

**Cash flow statement**

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

**Exemption from consolidation**

The financial statements contain information about London & Regional Properties Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, London & Regional Group Holdings Limited, a company incorporated in England and Wales

**2 Operating loss**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
This is stated after charging/(crediting)		
Auditors' remuneration	200,250	39,250
Depreciation of owned fixed assets	442,658	446,257
Operating leases - land and buildings	530,216	446,257
Employee benefit trusts	<u>2,762,739</u>	<u>7,500,000</u>

**3 Staff costs**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Employee costs including executive directors amounted to		
Salaries	5,936,907	4,315,246
Pension costs	4,100	3,915
Social security costs	<u>742,461</u>	<u>542,874</u>
	<u>6,683,468</u>	<u>4,862,035</u>

	<b>Number</b>	<b>Number</b>
The average weekly number of employees including executive directors was		
Management and administration	<u>35</u>	<u>31</u>
	<b>£</b>	<b>£</b>
Directors' emoluments were as follows		
Directors' remuneration	<u>2,649,915</u>	<u>942,708</u>

The company has also made contributions to employees' personal pension schemes amounting to £4,100 (2006 £3,915)

	<b>£</b>	<b>£</b>
Highest paid director		
Remuneration	1,982,415	471,667
Pension contribution	<u>-</u>	<u>-</u>

**. London & Regional Properties Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

<b>4 Exceptional items</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Waivers/(provisions) against loans from/(to) related undertakings	34,539,024	(1,562,971)
Profit on sale of tangible fixed asset	2,200	-
	<u>34,541,224</u>	<u>(1,562,971)</u>
<b>5 Interest payable and similar charges</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank overdraft interest	16,520	-
Other interest	8,630,615	1,941,710
	<u>8,647,135</u>	<u>1,941,710</u>
<b>6 Tax on profit/(loss) on ordinary activities before taxation</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Payment for group relief surrendered	-	(46,178)

**Factors affecting tax charge for period**

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

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before tax	<u>21,850,982</u>	<u>(15,488,202)</u>
Standard rate of corporation tax in the UK	30%	30%
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax	6,555,295	(4,646,461)
Effects of		
Income not taxable	(10,361,707)	-
Expenses not deductible for tax purposes	835,427	474,885
Depreciation in excess of capital allowances	29,561	20,034
Surrender of tax losses through group relief	2,941,424	4,151,542
Payment for group relief surrendered	-	(46,178)
Current tax charge for period	<u>-</u>	<u>(46,178)</u>

**London & Regional Properties Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

**7 Tangible fixed assets**

	<b>Airplane £</b>	<b>Fixtures &amp; Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 October 2006	4,640,369	1,018,419	244,667	5,903,455
Additions	-	19,283	-	19,283
Disposals	-	-	(10,000)	(10,000)
At 30 September 2007	<u>4,640,369</u>	<u>1,037,702</u>	<u>234,667</u>	<u>5,912,738</u>
<b>Depreciation</b>				
At 1 October 2006	618,716	715,820	240,717	1,575,253
Charge for the year	309,358	131,983	1,317	442,658
On disposals	-	-	(10,000)	(10,000)
At 30 September 2007	<u>928,074</u>	<u>847,803</u>	<u>232,034</u>	<u>2,007,911</u>
<b>Net book value</b>				
At 30 September 2007	<u>3,712,295</u>	<u>189,899</u>	<u>2,633</u>	<u>3,904,827</u>
At 30 September 2006	<u>4,021,653</u>	<u>302,599</u>	<u>3,950</u>	<u>4,328,202</u>

**8 Investments**

	<b>Investments in subsidiary undertakings £</b>
<b>Cost</b>	
At 1 October 2006	18,828
Provision against diminution in value	(18,828)
At 30 September 2007	<u>-</u>

The company owns 100% of the share capital of London & Regional Properties GmbH, a company incorporated in Germany and whose principal activity was the provision of advisory services  
The company has been put into liquidation

	<b>2007 £</b>	<b>2006 £</b>
<b>Unlisted investments</b>	<u>118,856,847</u>	<u>-</u>

Unlisted investments comprise unsecured loan notes issued by the David Loyd Leisure Group, a joint venture undertaking, which are repayable in 2017 and accrue interest at 12% per annum compounded. In the opinion of the directors, the value of the unlisted investments was not less than the cost

**9 Debtors**

	<b>2007 £</b>	<b>2006 £</b>
Trade debtors	8,704	33,104
Amounts owed by ultimate controlling parties	36,502,526	2,523,600
Amounts due from group undertakings	363,577,113	421,753,404
Amounts due from joint ventures	13,607,401	42,115
Development projects	8,718,186	8,583,778
Prepayments and accrued income	4,236,163	4,660,641
Taxation and social security	908,815	-
Other debtors	<u>19,052,035</u>	<u>10,544,192</u>
	<u>446,610,943</u>	<u>448,140,834</u>

**\*London & Regional Properties Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

<b>10 Creditors amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade creditors	566,688	1,038,036
Amounts due to group undertakings	618,924,435	558,512,664
Other taxes and social security costs	248,313	305,711
Other creditors	1,206,294	1,261,176
Accruals and deferred income	409,412	121,965
	<u>621,355,142</u>	<u>561,239,552</u>

Amounts due to group undertakings are unsecured and non-interest bearing

<b>11 Called up share capital</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Authorised		
Ordinary shares of £1 each	2	2
Deferred shares of \$1 each	6	6
	<u>8</u>	<u>8</u>

	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Allotted and fully paid				
Ordinary shares of £1 each	2	2	2	2
Deferred shares of \$1 each	10	10	6	6
	<u>12</u>	<u>12</u>	<u>8</u>	<u>8</u>

**Class Rights**

The deferred shares of \$1 each carry the right to repayment of \$1 each on a winding up, carry no other right to participate in the capital or income of the company and the holders are entitled to one vote for every two shares held

<b>12 Profit and loss account</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At 1 October 2006	(24,666,291)	(9,224,267)
Profit/(loss) for the financial year	21,850,982	(15,442,024)
	<u>(2,815,309)</u>	<u>(24,666,291)</u>
At 30 September 2007		

<b>13 Reconciliation of movement in shareholders' deficit</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At 1 October 2006	(24,666,283)	(9,224,259)
Profit/(loss) for the financial year	21,850,982	(15,442,024)
	<u>(2,815,301)</u>	<u>(24,666,283)</u>
At 30 September 2007		

**London & Regional Properties Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2007**

**14 Other financial commitments**

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2007 £	Land and buildings 2006 £	Other 2007 £	Other 2006 £
Operating leases which expire				
within one year	-	-	-	-
within two to five years	-	-	-	-
in over five years	303,120	303,120	-	-
	<u>303,120</u>	<u>303,120</u>	<u>-</u>	<u>-</u>

**15 Related parties**

At 30 September 2007 the company was owed by I M Livingstone and R J Livingstone, former directors of the company, £36,502,526 (2006 £2,523,600) The loan is included in debtors in note 9 The maximum loan outstanding during the year was £36,502,526 (2006 £7,511,462) The loan is interest free and repayable on demand The loan was repaid subsequent to the year end

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90% or more whose voting rights are controlled within the group

At 30 September 2007 the company was owed £697,893 (2006 £708,963) by Optika Holdings Limited, a company 50% indirectly owned by I M Livingstone The loan does not bear interest and is repayable on demand

**16 Parent undertaking**

The company is a wholly owned subsidiary of London & Regional Group Holdings Limited, a company incorporated in England and Wales

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

Copies of the Loopsign Limited consolidated financial statements can be obtained from the company secretary at  
 Quadrant House, Floor 6  
 17 Thomas More Street  
 Thomas More Square  
 London  
 E1W 1YW

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