

Registered number
4272477

LR Skipton House Limited

Report and Accounts

30 September 2005



LR Skipton House Limited
Report and accounts
Contents

	Page
Company information	1
<i>Director's report</i>	2
Statement of director's responsibilities	3
Auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9 - 13

LR Skipton House Limited
Company Information

Director

Mr I M Livingstone

Secretary

Mr R N Luck

Registered Office

St Alphage House
2 Fore Street
London
EC2Y 5DH

Auditors

UHY Hacker Young
168 Church Road
Hove
East Sussex
BN3 2DL

Registered number

4272477

LR Skipton House Limited
Director's Report

The director presents his report and accounts for the year ended 30 September 2005.

Principal activities and review of the business

The company acts as a commercial property investment company. The director considers the financial position at 30 September 2005 to be satisfactory.

Results and dividends

The results for the year are set out in the profit and loss account on page 5. The director does not recommend the payment of any dividends.

Directors

The director who served during the year was:

Mr I M Livingstone

The director had no interest in the ordinary shares of the company at any time during the period.

Auditors

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

This report was approved by the board on 9th May 2006.

Mr R N Luck



Secretary

LR Skipton House Limited
Statement of Director's Responsibilities

Company law requires the director to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. 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.

LR Skipton House Limited

Independent auditors' report to the shareholder of LR Skipton House Ltd

We have audited the accounts of LR Skipton House Ltd for the year ended 30 September 2005 which comprise pages 5 to 13. These accounts have been prepared under the historical cost convention as modified for the revaluation of fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



UHY Hacker Young
Chartered Accountants and Registered Auditors

168 Church Road
Hove
East Sussex
BN3 2DL

9th May 2006

LR Skipton House Limited
Profit and Loss Account
for the year ended 30 September 2005

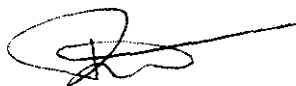
	Notes	2005 £	2004 £
Turnover	2	4,500,000	4,500,000
Net operating expenses	3	(87,621)	(99,477)
Operating profit	4	<u>4,412,379</u>	<u>4,400,523</u>
Interest receivable		19,907	9,035
Interest payable	5	(4,623,857)	(3,920,503)
(Loss)/profit on ordinary activities before taxation		<u>(191,571)</u>	<u>489,055</u>
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the financial year		<u>(191,571)</u>	<u>489,055</u>
Retained (loss)/profit for the financial year	14	<u>(191,571)</u>	<u>489,055</u>

LR Skipton House Limited
Statement of total recognised gains and losses
for the year ended 30 September 2005

	Notes	2005 £	2004 £
Loss for the financial year	14	(191,571)	489,055
Unrealised surplus on revaluation of properties	13	16,750,000	4,900,000
<i>Total recognised gains and losses related to the year</i>		<u>16,558,429</u>	<u>5,389,055</u>

LR Skipton House Limited
Balance Sheet
as at 30 September 2005

	Notes	2005 £	2004 £
Fixed assets			
Investment property	7	82,250,000	65,500,000
Current assets			
Debtors	8	5,868,616	5,970,018
Cash at bank and in hand		1,338,158	1,186,770
		<u>7,206,774</u>	<u>7,156,788</u>
Creditors: amounts falling due within one year	9	(2,506,334)	(2,526,496)
Net current assets		<u>4,700,440</u>	<u>4,630,292</u>
Total assets less current liabilities		86,950,440	70,130,292
Creditors: amounts falling due after more than one year	10	(61,488,006)	(61,226,287)
		<u>25,462,434</u>	<u>8,904,005</u>
Capital and reserves			
Called up share capital	12	1	1
Revaluation reserve	13	25,475,183	8,725,183
Profit and loss account	14	(12,750)	178,821
Shareholder's funds:			
Equity	15	<u>25,462,434</u>	<u>8,904,005</u>
		<u>25,462,434</u>	<u>8,904,005</u>



Mr I M Livingstone
Director

Approved by the board on 9th May 2006

LR Skipton House Limited
Cash Flow Statement
for the year ended 30 September 2005

	Notes	2005 £	2004 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		4,412,379	4,400,523
Decrease/(increase) in debtors		101,402	(2,931,027)
(Decrease)/increase in creditors		(21,900)	36,822
Net cash inflow from operating activities		<u>4,491,881</u>	<u>1,506,318</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		4,491,881	1,506,318
Returns on investments and servicing of finance	16	(3,933,153)	(3,839,089)
		<u>558,728</u>	<u>(2,332,771)</u>
Financing	16	(407,340)	2,385,626
Increase in cash		<u>151,388</u>	<u>52,855</u>

Reconciliation of net cash flow to movement in net debt

Increase in cash in the period		151,388	52,855
Decrease/(increase) in debt financing		407,340	(2,385,626)
Non-cash changes to net debt		(670,797)	(72,379)
Change in net debt	17	<u>(112,069)</u>	<u>(2,405,150)</u>
Net debt at 1 October		<u>(60,446,857)</u>	<u>(58,041,707)</u>
Net debt at 30 September		<u>(60,558,926)</u>	<u>(60,446,857)</u>

LR Skipton House Limited
Notes to the Accounts
for the year ended 30 September 2005

1 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies which have been consistently applied are given below.

Accounting convention

The account have been prepared under the historical cost convention as modified for the revaluation of fixed assets and in accordance with applicable accounting standards

Finance costs

Finance costs are amortised over the period of the loans in accordance with FRS4.

Depreciation

Compliance with the Statement of Standard Accounting Practice (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation for the departure is given below.

Investment Properties

In accordance with SSAP 19, investment properties are revalued annually and the surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties. The Companies Act 1985 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.

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.

Turnover

Turnover represents rental income, net of value added tax.

2 Turnover

The total turnover for the company for the period has been derived from its principal activity wholly undertaken in the UK and is stated net of value added tax.

3 Net operating expenses

	2005 £	2004 £
Property expenses	69,059	92,827
Administrative expenses	18,562	6,650
	<u>87,621</u>	<u>99,477</u>

LR Skipton House Limited
Notes to the Accounts
for the year ended 30 September 2005

4 Operating profit	2005	2004
	£	£
Operating profit is stated after charging:		
Auditors remuneration	<u>1,750</u>	<u>1,650</u>

5 Interest payable	2005	2004
	£	£
On borrowings wholly repayable after five years	3,953,060	3,848,124
Amortisation of loan fees	<u>670,797</u>	<u>72,379</u>
	<u>4,623,857</u>	<u>3,920,503</u>

6 Taxation

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

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its open market value. Such tax would only become payable if the property were sold. The directors have no intention of selling the property and therefore, at present, it is not envisaged that any tax will become payable in the foreseeable future.

7 Investment Property	2005
	£
Valuation	
At 1 October 2004	65,500,000
Surplus on revaluation	<u>16,750,000</u>
At 30 September 2005	<u>82,250,000</u>
 Cost	 <u>56,774,817</u>

The investment property was valued by the director on an open market value basis at 30 September 2005.

8 Debtors	2005	2004
	£	£
Amounts owed by group undertakings	<u>5,868,616</u>	<u>5,970,018</u>

LR Skipton House Limited
Notes to the Accounts
for the year ended 30 September 2005

9 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loan (see note 11)	409,078	407,340
Accruals and deferred income	2,097,256	2,119,156
	<u>2,506,334</u>	<u>2,526,496</u>

10 Creditors: amounts falling due after one year	2005	2004
	£	£
Bank loan (see note 11)	61,599,805	62,008,883
Unamortised loan fees	(111,799)	(782,596)
	<u>61,488,006</u>	<u>61,226,287</u>

The bank loan is repayable from surplus rents and by a bullet in June 2011 and bears interest at an effective fixed rate of 6.36% per annum. The loan is secured by a fixed charge over the company's investment property.

11 Loans	2005	2004
	£	£
Loans not wholly repayable within five years:		
Loan	<u>62,008,883</u>	<u>62,416,223</u>
Analysis of maturity of debt:		
Within one year or on demand	409,078	407,340
Between one and two years	647,542	409,078
Between two and five years	3,931,801	3,186,771
After five years	57,020,462	58,413,034
	<u>62,008,883</u>	<u>62,416,223</u>

12 Share capital	2005	2004
	£	£
Authorised:		
Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

	2005	2004	2005	2004
	No.	No.	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1	1	<u>1</u>	<u>1</u>
			<u>1</u>	<u>1</u>

LR Skipton House Limited
Notes to the Accounts
for the year ended 30 September 2005

13 Revaluation reserve	2005	2004
	£	£
At 1 October 2004	8,725,183	3,825,183
Arising on revaluation during the year	16,750,000	4,900,000
	<hr/>	<hr/>
At 30 September 2005	25,475,183	8,725,183
	<hr/>	<hr/>
14 Profit and loss account	2005	2004
	£	£
At 1 October 2004	178,821	(310,234)
Retained loss	(191,571)	489,055
	<hr/>	<hr/>
At 30 September 2005	(12,750)	178,821
	<hr/>	<hr/>
15 Reconciliation of movement in shareholder's funds	2005	2004
	£	£
At 1 October 2004	8,904,005	3,514,950
Loss for the financial year	(191,571)	489,055
Other recognised gains and losses	16,750,000	4,900,000
	<hr/>	<hr/>
At 30 September 2005	25,462,434	8,904,005
	<hr/>	<hr/>
16 Gross cash flows	2005	2004
	£	£
Returns on investments and servicing of finance		
Interest received	19,907	9,035
Interest paid	(3,953,060)	(3,848,124)
	<hr/>	<hr/>
	(3,933,153)	(3,839,089)
	<hr/>	<hr/>
Financing		
Additional loans drawn	-	3,364,705
Loan repayments	(407,340)	(644,827)
Loan fees incurred	-	(334,252)
	<hr/>	<hr/>
	(407,340)	2,385,626
	<hr/>	<hr/>

LR Skipton House Limited
Notes to the Accounts
for the year ended 30 September 2005

17 Analysis of changes in net debt

	At 1 Oct 2004 £	Cash flows £	Non-cash changes £	At 30 Sep 2005 £
Cash at bank and in hand	1,186,770	151,388		1,338,158
Debt due within 1 year	(407,340)	(1,738)		(409,078)
Debt due after 1 year	(62,008,883)	409,078		(61,599,805)
Loan fees	782,596	-	(670,797)	111,799
		407,340		
Total	(60,446,857)	558,728	(670,797)	(60,558,926)

18 Related party transactions

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

19 Parent undertaking

The company is wholly owned by London & Regional Commercial Properties Holdings Ltd, a company incorporated and registered in England and Wales. The ultimate parent undertaking is Loopsign Limited, a company incorporated in England and Wales. The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of Loopsign Limited.