

Company Registration No. 04476411 (England and Wales)

**LONDON & REGIONAL HOTEL FINANCE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr R J Livingstone Mr R N Luck
<b>Secretary</b>	Mr R N Luck
<b>Company number</b>	04476411
<b>Registered office</b>	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

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# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

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# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The directors present the strategic report for the year ended 30 September 2017.

### **Principal activities, review of the business and future developments**

The company acts as a treasury company for group undertakings. The company made a loss of £7.9m for the financial year ended 30 September 2017 (2016: loss of £6.3m) and had net liabilities of £142.3m at the year end (2016: £153.0m). The directors consider the financial position and future prospects at 30 September 2017 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.

### **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**

The company is managed by the directors in accordance with the group strategies of its ultimate parent company, Loopsign Limited, 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.

### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of London & Regional Group Finance Limited. The directors have received confirmation that London & Regional Group Finance Limited intend to support the company for at least one year after these financial statements are signed.

By order of the board



.....  
Mr R N Luck

Secretary

20<sup>th</sup> December 2017

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The directors present their annual report and audited financial statements for the year ended 30 September 2017.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R J Livingstone  
Mr R N Luck

### **Results and dividends**

The results for the year are set out on page 7.

The directors do not recommend the payment of a dividend (2016: £nil).

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

### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### **Independent Auditors**

The Independent Auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure of information to Auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



.....  
Mr R N Luck

**Secretary**

*20<sup>th</sup> December 2017*

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

By order of the board



.....  
Mr R N Luck

**Secretary**

*20<sup>th</sup> December 2017*

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON & REGIONAL HOTEL FINANCE LIMITED**

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## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, London & Regional Hotel Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2017; the statement of total comprehensive income, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON & REGIONAL HOTEL FINANCE LIMITED (CONTINUED)**

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#### **Reporting on other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON & REGIONAL HOTEL FINANCE LIMITED (CONTINUED)**

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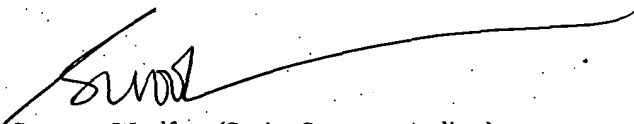
#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

We have no exceptions to report arising from this responsibility.



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

20 December 2017

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Administrative expenses		(15)	(60)
<b>Operating loss</b>	<b>3</b>	<b>(15)</b>	<b>(60)</b>
Interest receivable and similar income	<b>5</b>	5,726	7,233
Interest payable and similar expenses	<b>6</b>	(13,586)	(13,488)
<b>Loss on ordinary activities before taxation</b>		<b>(7,875)</b>	<b>(6,315)</b>
Tax on loss on ordinary activities	<b>7</b>	-	-
<b>Loss for the financial year</b>		<b>(7,875)</b>	<b>(6,315)</b>
<b>Other comprehensive income/(expense)</b>			
Cash flow hedges - change in value of hedging instruments		22,991	(18,861)
Tax relating to other comprehensive (income)/expense		(4,368)	3,584
<b>Total comprehensive income/(expense) for the year</b>		<b>10,748</b>	<b>(21,592)</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

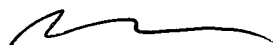
# LONDON & REGIONAL HOTEL FINANCE LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000	2016 £'000
<b>Current assets</b>				
Debtors	8	109,510	176,879	
Cash at bank and in hand		5,754	5,717	
		<u>115,264</u>	<u>182,596</u>	
<b>Creditors: amounts falling due within one year</b>	9	(154,540)	(57,025)	
<b>Net current (liabilities)/assets</b>			(39,276)	125,571
<b>Creditors: amounts falling due after more than one year</b>	10		(102,991)	(278,586)
<b>Net liabilities</b>			<u>(142,267)</u>	<u>(153,015)</u>
<b>Capital and reserves</b>				
Called up share capital	13		1	1
Hedging reserve			(83,422)	(102,045)
Retained deficit			(58,846)	(50,971)
<b>Total equity</b>			<u>(142,267)</u>	<u>(153,015)</u>

The financial statements were approved by the board of directors and authorised for issue on 20<sup>th</sup> December 2017 and are signed on its behalf by:



Mr R N Luck  
Director

Company Registration No. 04476411

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Called up share capital £'000	Hedging reserve £'000	Retained deficit £'000	Total £'000
<b>Balance at 1 October 2015</b>	1	(86,768)	(44,656)	(131,423)
Loss for the financial year	-	-	(6,315)	(6,315)
<i>Other comprehensive expense:</i>				
- Cash flow hedges - change in value of hedging instruments	-	(18,861)	-	(18,861)
- Tax relating to other comprehensive expense	-	3,584	-	3,584
Total comprehensive expense for the year:	-	(15,277)	(6,315)	(21,592)
<b>Balance at 30 September 2016</b>	1	(102,045)	(50,971)	(153,015)
Loss for the financial year	-	-	(7,875)	(7,875)
<i>Other comprehensive income:</i>				
- Cash flow hedges - change in value of hedging instruments	-	22,991	-	22,991
- Tax relating to other comprehensive income	-	(4,368)	-	(4,368)
Total comprehensive income/(expense)	-	18,623	(7,875)	10,748
<b>Balance at 30 September 2017</b>	1	(83,422)	(58,846)	(142,267)

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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### **1 Accounting policies**

#### **General information**

London & Regional Hotel Finance Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

#### **1.1 Statement of compliance**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

#### **1.2 Basis of preparation and summary of significant accounting policies**

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

FRS 102 allows a qualifying entity certain disclosure exemption if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Loopsign Limited which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17 (d) of FRS 102; and
- from the requirement to present financial instruments disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraph 12.26 and 12.29.

#### **1.3 Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of London & Regional Group Finance Limited. The directors have received confirmation that London & Regional Group Finance Limited intend to support the company for at least one year after these financial statements are signed.

#### **1.4 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.5 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### *Key sources of estimation uncertainty*

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Recoverability of amounts due from fellow group undertaking*

The company makes an estimate of the recoverable value of the amounts due from fellow group undertakings. When carrying out the assessment directors consider factors including the aging profile of the outstanding amounts, historic experience and performance of debtors' business.

### 3 Operating loss

	2017	2016
	£'000	£'000
Operating loss for the year is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	-	-

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



# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 4 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2016: £nil).

The company has no employees (2016: nil) other than the directors.

The emoluments of Mr Livingstone and Mr Luck are paid by a fellow subsidiary company which makes no recharge to the company. Mr Livingstone and Mr Luck are directors of the ultimate parent company and a number of fellow subsidiary companies. It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries to which they provide services. Accordingly, the above details include no emoluments in respect of the directors. The total emoluments of Mr Livingstone and Mr Luck are included in the aggregate of directors' emoluments included in the financial statements of the ultimate parent company.

### 5 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest on bank deposits	4	4
Interest receivable from group companies	5,722	7,229
Total income	5,726	7,233

### 6 Interest payable and similar expenses

	2017 £'000	2016 £'000
Interest on bank overdrafts and loans	13,465	13,367
Amortisation of loan fees	121	121
	13,586	13,488

### 7 Tax on loss on ordinary activities

No tax has been provided for due to the taxable loss for the financial year (2016: £nil).

#### Factors affecting tax charge for the year

From 1 April 2017 the rate of corporation tax has reduced from 20% to 19%, giving a blended average rate for the current year of 19.5% (2016: 20%).

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 7 Tax on loss on ordinary activities

(Continued)

The result for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	2017 £'000	2016 £'000
Loss on ordinary activities before taxation	(7,875)	(6,315)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	(1,536)	(1,263)
Surrender of tax losses	1,536	1,263
Tax result for the year	-	-

In addition to the amount charged to the statement of comprehensive income, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £'000	2016 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	4,368	(3,584)

The company has surrendered the benefit of tax losses amounting to £7,874,861 (2016: £6,314,608) to fellow subsidiary undertakings without receiving any payment.

#### Factors which may affect future tax charges

With effect from 1 April 2020, the UK corporation tax rate will be reduced to 17%. This change, which was announced in March 2015 budget and affirmed in March 2016 budget, will have no significant impact on these financial statements.

### 8 Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	1	1
Amounts due from group undertakings	89,941	151,524
Prepayments and accrued income	-	1,418
	89,942	152,943

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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8	Debtors	(Continued)	
		2017 £'000	2016 £'000
	Amounts falling due after more than one year:		
	Deferred tax asset (note 12)	19,568	23,936
		<u>          </u>	<u>          </u>
	Total debtors	109,510	176,879
		<u>          </u>	<u>          </u>

For the year ended 30 September 2017, the amounts due from fellow group undertakings are interest free, repayable on demand and unsecured. For the year ended 30 September 2016, amounts due from fellow group undertakings were interest free, repayable on demand and unsecured, except for a loan of £112,997,597 made to Hotel (PL Property) Limited, which bore interest at 6.36% per annum and was fully repaid during the year ended 30 September 2017.

9	Creditors: amounts falling due within one year		2017 £'000	2016 £'000
		Note		
	Bank loans and overdrafts	11	151,867	2,072
	Amounts due to group undertakings		-	52,308
	Accruals and deferred income		2,673	2,645
			<u>          </u>	<u>          </u>
			154,540	57,025
			<u>          </u>	<u>          </u>

The bank loans and overdrafts are stated net of finance charges of £40,230 (2016: £120,683) to be allocated in future years.

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

#### 10 Creditors: amounts falling due after more than one year

	Note	2017 £'000	2016 £'000
Bank loans and overdrafts	11	-	152,604
Derivative financial instruments		102,991	125,982
		<u>102,991</u>	<u>278,586</u>

For the year ended 30 September 2016, the bank loans and overdrafts are stated net of finance charges of £40,230 to be allocated in future years.

#### Derivative financial instruments - Interest rate swaps

The company borrows at floating rates of interest and then employs derivative financial instruments in the form of interest rate swaps to receive interest at BBA LIBOR % and pay fixed interest of 5.20% p.a. The swaps are based on principal amounts of the company's outstanding bank loans and mature on 20 January 2028.

The instruments are used to hedge the company's exposure to interest rate movements on the outstanding bank loans. The hedging arrangement fixes the total interest payable on the outstanding loans at 5.20% p.a. The fair value of the interest rate swaps at the year end was £57m (2016: £76m). On transition to FRS 102 the company chose to designate interest rate swaps as cash flow hedges. Therefore gains or losses on the movement in the fair value of the interest rate swaps are recognized in equity. The company has not elected to apply hedge accounting.

Cash flows on both the loans and the interest rate swaps are paid quarterly until maturity of the swaps and loans on 20 January 2028.

#### Derivative financial instruments - Inflation swaps

The company receives rent indexed annually to RPI (capped at 3.5%) and then employs derivative financial instruments in the form of an inflation rate swap to receive a fixed amount of £235,738 per quarter. The swap matures on 20 October 2027 and was entered into pursuant to bank loans made to the company.

The instruments are used to hedge the company's exposure to inflation on rental income derived from the company's sole property. The fair value of the inflation rate swap at the year end was £46m (2016: £50m). On transition to FRS 102 the company chose to designate inflation swaps as cash flow hedges. Therefore gains or losses on the movement in fair values of the inflation swap are recognized in equity. The company has not elected to apply hedge accounting.

#### 11 Loans and overdrafts

	2017 £'000	2016 £'000
Bank loans	151,867	154,676
	<u>151,867</u>	<u>154,676</u>
Payable within one year	151,867	2,072
Payable after one year	-	152,604
	<u>-</u>	<u>152,604</u>

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 11 Loans and overdrafts

(Continued)

The bank loans are secured over the investment property, and the rental income derived there from, of a related undertaking and by a fixed and floating charge over the assets of the company. The loan is repayable from surplus rents and by a bullet on 22 January 2018. It bears interest at an effective rate of 6.74% per annum (2016: 6.74%).

### 12 Deferred taxation

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2017 £'000	Assets 2016 £'000
<b>Balances:</b>		
Derivative financial instruments	19,568	23,936
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		£'000
Asset at 1 October 2016		23,936
Charge to other comprehensive income		(4,368)
		<u>          </u>
Asset at 30 September 2017		19,568
		<u>          </u>

### 13 Called up share capital

	2017 £	2016 £
<b>Issued and fully paid</b>		
1 (2016: 1) ordinary share of £1 each	1	1
	<u>          </u>	<u>          </u>

### 14 Related party transactions

As the company is a wholly owned subsidiary of Loopsign Limited it has taken advantage of the exemption under section 33.1A of FRS102 from disclosing transactions or balances with entities which form part of the group.

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2017***

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### **15 Controlling party**

The immediate parent undertaking is London & Regional Group Finance 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 statement as at 30 September 2017. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2017. 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.