

Registered number
04312421

London & Regional Group Finance Limited
Annual report and financial statements
for the year ended 30 September 2012



London & Regional Group Finance Limited
Annual report and financial statements for the year ended 30 September 2012
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London & Regional Group Finance Limited
Company information for the year ended 30 September 2012

Directors

Mr R N Luck

Mr L K Sebastian

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

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London & Regional Group Finance Limited
Directors' report for the year ended 30 September 2012

The directors present their report and the audited financial statements for the year ended 30 September 2012

Principal activities

The company acts as a holding company and as a treasury company for group undertakings. The loss for the year is largely the result of £4.0 million of foreign exchange losses suffered on Euro and US dollar denominated loans granted. After taking into account the impact of this charge, the directors consider the financial position at 30 September 2012 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 fluctuating market place, which can result in large movements in foreign exchange and investment valuations. 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

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.

Results and dividends

The results for the financial year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2011: £nil).

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 Holdings Limited. The directors have received confirmation that London & Regional Group Holdings Limited intend to support the company for at least one year after these financial statements are signed.

Director

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

Mr R J Livingstone (resigned 13 December 2012)
Mr R N Luck (appointed 13 December 2012)
Mr L K Sebastian (appointed 18 February 2013)

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 indemnity provision for the purposes of the Companies Act 2006.

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.

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

23 MAY 2013

London & Regional Group Finance Limited

Statement of directors' responsibilities for the year ended 30 September 2012

The directors are responsible for preparing the directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

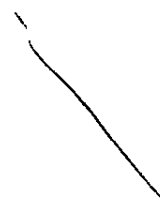
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Mr R N Luck
Company Secretary
23 MAY 2013



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LONDON & REGIONAL GROUP FINANCE LIMITED

We have audited the financial statements of London & Regional Group Finance Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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). 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 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.

Scope of the audit of the financial statements

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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Suzanne Woolfson (Senior Statutory Auditor)

For and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

23 MAY 2013

London & Regional Group Finance Limited
Profit and Loss Account
for the year ended 30 September 2012

	Note	2012 £	2011 £
Provision for impairment in value of investments	2	-	(15,125,859)
Administrative expenses		(3,993,968)	388,370
Operating loss	2	<u>(3,993,968)</u>	<u>(14,737,489)</u>
Interest receivable and similar income	4	2,096,378	1,545,852
Interest payable and similar charges	5	-	(176)
Loss on ordinary activities before taxation		<u>(1,897,590)</u>	<u>(13,191,813)</u>
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	12	<u>(1,897,590)</u>	<u>(13,191,813)</u>

All amounts relate to continuing operations

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

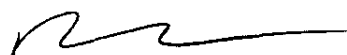
There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical costs equivalents

London & Regional Group Finance Limited
Balance Sheet
as at 30 September 2012

Registered number
04312421

	Note	2012 £	2011 £
Fixed assets			
Investments	7	99,999	99,999
Current assets			
Debtors	8		
- amounts falling due within one year		691,498,844	679,570,163
- amounts falling due after more than one year		12,904,155	-
Investments held as current assets	9	1,121,740	1,160,502
Cash at bank and in hand		30,006,598	24,524,608
		<u>735,531,337</u>	<u>705,255,273</u>
Creditors amounts falling due within one year	10	(591,130,090)	(558,956,436)
Net current assets		<u>144,401,247</u>	<u>146,298,837</u>
Total assets less current liabilities		<u>144,501,246</u>	<u>146,398,836</u>
Net assets		<u>144,501,246</u>	<u>146,398,836</u>
Capital and reserves			
Called up share capital	11	159,451,798	159,451,798
Profit and loss reserve	12	(14,950,552)	(13,052,962)
Total shareholder's funds	13	<u>144,501,246</u>	<u>146,398,836</u>

These financial statements were approved by the Board of Directors on **23 MAY** 2013
and signed on its behalf by



Mr R N Luck
Director
23 MAY 2013

London & Regional Group Finance Limited
Notes to the financial statements
for the year ended 30 September 2012

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, 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 year, are set out below.

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 Holdings Limited. The directors have received confirmation that London & Regional Group Holdings Limited intend to support the company for at least one year after these financial statements are signed.

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.

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 and any impairment arising is charged to the profit and loss account for the year.

Investments held as current assets

Investments 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 and any impairment arising is charged to the profit and loss account for the year.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Cash flow statement

The company has taken advantage of the exemption permitted by Financial Reporting Standard 1, (revised 1996) 'Cash flow statements' 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 Group Finance Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 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 intermediate parent, London & Regional Group Holdings Limited, a company incorporated in England and Wales.

2 Operating loss

This is stated after charging /(crediting)

	2012 £	2011 £
Provision for impairment in value of investments (note 7)	-	15,125,859
Foreign exchange losses/(gains)	3,993,783	(388,700)
Auditors' remuneration	-	-

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

London & Regional Group Finance Limited
Notes to the financial statements
for the year ended 30 September 2012

3 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2011 £nil)
The company has no employees (2011 nil) other than the directors

The directors are employees of a fellow subsidiary and their emoluments are paid by a fellow subsidiary company which makes no recharge to the company. 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 are included in the aggregate of directors' emoluments included in the financial statements of the ultimate parent company. The total emoluments of Mr Luck are included in the aggregate of employees' salaries included in the financial statements of the ultimate parent company.

4 Interest receivable and similar income

	2012 £	2011 £
On amounts owed by group undertakings	1,649,244	1,432,223
On bank deposits	270,505	113,629
Other interest receivable	176,629	-
	<u>2,096,378</u>	<u>1,545,852</u>

5 Interest payable and similar charges

	2012 £	2011 £
Bank overdrafts	-	176

6 Tax on loss on ordinary activities

No tax has been provided for due to the taxable losses incurred in the year

Factors affecting tax charge for year

From 01 April 2012, the rate of corporation tax has reduced from 26% to 24%, giving a blended average rate for the year of 25%.

The differences between the tax assessed for the year and the blended rate of corporation tax are explained as follows

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(1,897,590)</u>	<u>(13,191,813)</u>
	£	£
Loss on ordinary activities multiplied by the blended rate of corporation tax in the UK of 25% (2011 27%)	(474,398)	(3,561,790)
Effects of		
Expenses not deductible for tax purposes	-	4,083,982
Surrender/(utilisation) of tax losses	<u>474,398</u>	<u>(522,192)</u>
Total current tax charge for the year	<u>-</u>	<u>-</u>

The company surrendered the benefit of tax losses amounting to £1,897,592 to fellow subsidiary undertakings without receiving any payment. In 2011, the tax charge was reduced by £522,192 because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender was made by the company.

Factors that may affect future tax charges

Reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which were enacted on 17 July 2012, reduce the rate by 1% per annum to 22% by 1 April 2014. These changes have no impact on these financial statements.

London & Regional Group Finance Limited
Notes to the financial statements
for the year ended 30 September 2012

7 Fixed asset investments

Cost	£
At 1 October 2011 and at 30 September 2012	<u>99,999</u>

The company holds 20% or more of the share capital of the following companies, all incorporated in England and Wales

Company	Shares held	
	Class	%
London & Regional Hotel Finance Ltd	Ordinary	100
London & Regional Offices Finance Ltd	Ordinary	100
London & Regional Portfolio Finance Ltd	Ordinary	100
LR Office Developments Limited	Ordinary	100
Quidtrade Limited	Ordinary	100
London & Regional Debt Securitisation No 1 PLC	Ordinary	99.998
London & Regional Debt Securitisation No 2 PLC	Ordinary	99.998

The principal activity of all companies is the provision of finance to related undertakings, except for Quidtrade Limited which is a treasury management company. The directors believe the carrying value of the investments is supported by their underlying net assets.

8 Debtors	2012	2011
	£	£
Amounts owed by group undertakings	691,286,615	679,562,363
Other debtors	12,904,155	-
Prepayments and accrued income	<u>212,229</u>	<u>7,800</u>
	<u>704,402,999</u>	<u>679,570,163</u>

Amounts due after more than one year included in
Other debtors

<u>12,904,155</u>	<u>-</u>
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Amounts owed by group undertakings are unsecured, non-interest bearing and repayable upon demand except for the

- US\$50.3m (2011: US\$55.5m) bearing interest at a fixed rate of 8.5% and repayable on 3 September 2017
- US\$19.1m (2011: US\$19.6m) bearing interest at a fixed rate of 3.0% and repayable on 30 September 2031
- US\$50.4m (2011: US\$30.0m) bearing interest at a fixed rate of 1.0% and repayable on demand

Other debtors relate to an unsecured loan, repayable in August 2014, that bears interest at Euribor plus a margin of 3.0% per annum.

9 Investments held as current assets	2012	2011
	£	£
Unlisted investments	<u>1,121,740</u>	<u>1,160,502</u>

The directors do not consider the market value of the investments to be materially different to cost.

10 Creditors - amounts falling due within one year	2012	2011
	£	£
Amounts owed to group undertakings	589,893,001	558,956,435
Other creditors	<u>1,237,089</u>	<u>1</u>
	<u>591,130,090</u>	<u>558,956,436</u>

All amounts owed to group undertakings and other creditors are unsecured, non-interest bearing and repayable upon demand.

London & Regional Group Finance Limited
Notes to the financial statements
for the year ended 30 September 2012

11 Called-up share capital	2012	2011
	£	£
Authorised		
160,010,000 ordinary shares of £1 each	<u>160,010,000</u>	<u>160,010,000</u>

	Nominal	2012	2012	2011
	value	Number	£	£
Allotted and fully paid				
Ordinary shares	£1 each	<u>159,451,798</u>	<u>159,451,798</u>	<u>159,451,798</u>

12 Profit and loss reserve	£
At 1 October 2011	(13,052,962)
Loss for the financial year	<u>(1,897,590)</u>
At 30 September 2012	<u>(14,950,552)</u>

13 Reconciliation of movement in shareholder's funds	2012	2011
	£	£
At 1 October	146,398,836	159,590,649
Loss for the financial year	<u>(1,897,590)</u>	<u>(13,191,813)</u>
At 30 September	<u>144,501,246</u>	<u>146,398,836</u>

14 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

15 Parent undertaking

The immediate parent undertaking is London & Regional Group Holdings Limited

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 2012. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2012. 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