

LSD Developments Limited
(registered number: 05750586)

Annual report and financial statements
For the year ended 30 June 2021



Report of the directors for the year ended 30 June 2021

The directors present their Annual report and financial statements of the company for the year ended 30 June 2021.

This set of financial statements for the year ended 30 June 2021 has been prepared in accordance with The Reduced Disclosure Framework (FRS 101). The company has transitioned from FRS 102 to FRS 101 during the current financial year but there has been no impact on the financial information. The transition is explained in note 12.

Principal activities

The principal activity of the company is the holding of and renting of property and the potential for the further development thereof.

Review of the business

The profit for the year ended 30 June 2021 was £168,000 (2020: £503,000) has been transferred to reserves.

A key performance indicator is the net asset position of the company. The value of the net assets at 30 June 2021 was £1,849,000 (2020: £1,681,000). The financial position of the company is set out in the Statement of Financial Position on page 5.

The directors do not recommend the payment of a dividend (2020: £nil).

Principal risks and uncertainties

The management of the business and execution of the company's strategy is subject to a number of risks, namely:

- The macro-economic impact of transitional Brexit arrangements.
- The continuing impact of the Covid pandemic.

Although these risks are ongoing, management believe that the risks and uncertainties associated with them will no longer have a material impact on the company.

Going concern

As referred to in the accounting policies, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities.

On the basis that the company has the support of its group parent company, Trenport Property Holdings Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve month from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual report and financial statements.

LSD Developments Limited

Report of the directors for the year ended 30 June 2021 (continued)

Directors

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

R J Hall	
S Heycock	resigned 30 June 2021
P L Peters	resigned 30 June 2021
D J Farrant	appointed 1 July 2021
G B Dibb	appointed 1 July 2021

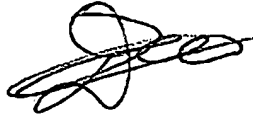
Directors Indemnities

The parent company, Shop Direct Holdings Limited, has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Elective resolutions

The company has passed elective resolutions to dispense with the holding of annual general meetings and for the laying of the annual report and financial statements before the company in general meetings, until such time as the elections are revoked.

Approved by the board and signed on its behalf by:



D J Farrant
Director
21 January 2022

Statement of directors' responsibilities

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 FRS 101 "Reduced Disclosure Framework". 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 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; 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. 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.

LSD Developments Limited

Statement of comprehensive income for the year ended 30 June 2021

	<i>Notes</i>	2021 £'000	2020 £'000
Turnover		95	132
Gross Profit		<u>95</u>	<u>132</u>
Administrative expenses		(27)	(29)
Revaluation of property, plant and equipment		100	400
		<u></u>	<u></u>
Profit before taxation	3	168	503
Tax on profit	4	-	-
		<u></u>	<u></u>
Profit and total comprehensive income for the financial year		<u>168</u>	<u>503</u>

The operating profit for the financial years arises from the company's continuing operations.

The notes on pages 7 to 13 are an integral part of these financial statements.

LSD Developments Limited

Statement of Financial Position as at 30 June 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investment property	5	<u>1,500</u>	<u>1,400</u>
Current assets			
Debtors	6	383	286
Creditors: amounts falling due within one year	7	<u>(34)</u>	<u>(5)</u>
Net current assets		349	281
Total net assets		<u>1,849</u>	<u>1,681</u>
Capital and reserves			
Called-up share capital	8	-	-
Retained earnings		(541)	(709)
Other reserves		<u>2,390</u>	<u>2,390</u>
Total shareholders' funds		<u>1,849</u>	<u>1,681</u>

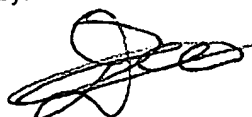
These accounts have been prepared in accordance with the provisions available to company's subject to the small company's regime within Part 15 of the Companies Act 2006 and FRS 101.

For the financial year ended 30 June 2021 the company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts so far as applicable to the company.

The notes on pages 7 to 13 form an integral part of these financial statements.

The financial statements for LSD Developments Limited, company number 05750586, are presented on pages 4 to 13 and were approved by the board of directors on 21 January 2022 and signed on its behalf by:



D J Farrant
Director

LSD Developments Limited

Statement of changes in equity as at 30 June 2021

	Called-up Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 July 2019	-	2,390	(1,212)	1,178
Profit for the financial year and total comprehensive income	-	-	503	503
At 1 July 2020	-	2,390	(709)	1,681
Profit for the financial year and total comprehensive income	-	-	168	168
At 30 June 2021	-	2,390	(541)	1,849

Notes to the financial statements for the year ended 30 June 2021

1. Statement of accounting policies

General information

LSD Developments Limited ("the company") is a land holding and development company. The company is a private limited company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The company's registered office is 2nd Floor, 14 St. George Street, London, W1S 1FE.

Basis of accounting

The individual financial statements of LSD Developments Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"), as issued by the Financial Reporting Council and the Companies Act 2006.

In the year ended 30 June 2021 the company has undergone transition from reporting under FRS 102, the Generally Accepted Accounting Practice in the UK (UK GAAP) to FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

In preparing its opening FRS 101 Statement of Financial Position, the company has not adjusted amounts reported previously in financial statements prepared in accordance with FRS 102. There has been no restatement of the financial position and financial performance as set out in note 12 to the financial statements.

The significant accounting policies have been applied in preparing these financial statements and comparative information and in the preparation of an opening FRS 101 Statement of Financial Position at 1 July 2019.

The functional and presentational currency of the company is considered to be pound sterling because that is the currency of the primary economic environment in which the company operates.

The financial statements are prepared on the going concern basis, under the historical cost convention, modified to include the revaluation of freehold land and buildings and investment properties, and in accordance with the Companies Act 2006 and United Kingdom applicable accounting standards, which have been applied on a consistent basis with the previous year. The principal accounting policies are set out below.

Going concern

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These are set out within the Report of the directors.

After making appropriate enquiries and on the basis that the company has support of its parent company, Trenport Property Holdings Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the annual report and accounts.

Notes to the financial statements for the year ended 30 June 2021 (continued)

1. Statement of accounting policies (continued)

Exemptions for qualifying entities under FRS 101

The company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. These being a reconciliation of the number of shares outstanding at the beginning and end of the year, a statement of cash flows and certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated, being Trenport Property Holdings Limited.

Turnover

Turnover which excludes value added tax comprises the company's rental income from the operation of its land portfolio. Turnover is recognised for rental income earned on a straight line basis over the lease term. All turnover relates to rental income and service charge income and has been realised in the United Kingdom.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the year end date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the year end date.

Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the financial statements for the year ended 30 June 2021 (continued)

1. Statement of accounting policies (continued)

Investment properties

Investment properties for which fair value can be measured are measured at fair value annually by the directors or RICS qualified external valuers. Any change is recognised in the profit and loss account. Investment properties are derecognised upon completion of their sale or change of use.

Financial instruments

The company has adopted IFRS 9 under FRS 101 in respect of financial instruments.

a) Financial assets

Basic financial assets are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at measured cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the financial statements for the year ended 30 June 2021 (continued)

1. Statement of accounting policies (continued)

Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

Investment properties

A key source of estimation and uncertainty relates to the valuation of investment property where a valuation is obtained annually, as at 30 June 2021, either by professionally qualified external valuers or by the company's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis and other factors such as yields and estimated rental values. The current carrying value as at 30 June 2021 is £1,500,000 (2020: £1,400,000).

LSD Developments Limited

Notes to the financial statements for the year ended 30 June 2021 (continued)

2. Employees and directors

The company has no employees other than the directors.

None of the directors received any emoluments during the year for their services to the company (2020: £nil).

3. Profit before taxation

The company accounts are unaudited in the current year, so there are no audit fees payable (2020: £2,000).

4. Taxation on profit

	2021 £'000	2020 £'000
Total current tax	-	-
Deferred taxation movement	-	-
Total tax on profit	-	-

Reconciliation of current tax charge

The tax assessed for the year is different (2020: different) than the standard corporation tax in the UK 19.0% (2020: 19.0%). The differences are explained below:

Profit before tax	168	503
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.0% (2020: 19.0 %)	32	96
Effects of:		
Non taxable items	(19)	(76)
Transfer pricing adjustment	2	2
Group relief received for nil consideration	(15)	(22)
Total taxation	-	-

The company earns its profits primarily in the UK. Therefore, the tax rate used for tax on profit is the standard rate of UK corporation tax of 19.0% (2020: 19.0%).

The Finance Bill 2021 enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023.

The total unrecognised deferred tax asset on the land is nil (2020: £156,000). Based on the current and forecast trading position of the company, the directors have decided not to recognise any deferred tax in the financial statements.

Notes to the financial statements for the year ended 30 June 2021 (continued)

5. Investment property

	Investment property £'000
Valuation and net book value	
At 1 July 2020	1,400
Revaluation during year	100
At 30 June 2021	<u>1,500</u>

The company holds these properties in order to earn rental income. The properties are classed as Investment Properties as this better reflects the true nature of the property asset going forwards.

The company's freehold land was valued at 20 April 2021 on an existing use basis or open market value basis by a RICS qualified external valuer. Revaluations are carried out by internal RICS qualified valuers at least every year and by RICS qualified external valuers at least every three years. The directors have adopted the same figure as the external valuation for year-end.

If the land had not been revalued the carrying amount would be £2,219,000 (2020: £2,219,000).

6. Debtors

	2021 £'000	2020 £'000
Amounts owed by immediate holding company	250	250
Amount owed by subsidiary undertaking	106	36
Other debtors	27	-
	<u>383</u>	<u>286</u>

Amounts owed by immediate holding company are unsecured, interest free and repayable on demand.

7. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Other creditors	34	3
Accruals and deferred income	-	2
	<u>34</u>	<u>5</u>

Amounts owed to fellow subsidiaries are unsecured, interest free and repayable on demand.

8. Called-up share capital

	2021 £	2020 £
Allotted, issued and fully paid:		
1 (2020: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

The company has one class of share which bears no right to fixed income.

Notes to the financial statements for the year ended 30 June 2021 (continued)

9. Operating leases

The total of future minimum income receivable under the entity's non-cancellable operating leases with tenants for each of the following periods is as follows:

	2021 £'000	2020 £'000
Land and Buildings:		
Not later than one year	107	1
Later than one year but not later than five	402	4
Later than five years	248	249
	<u>757</u>	<u>254</u>

10. Related party transactions

At 30 June 2021 the company's voting rights were controlled by its immediate holding company Estuary Park Property Holdings Limited, and the company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Shop Direct Holdings Limited group or are disclosed in the group financial statements.

11. Ultimate controlling party

The immediate holding company is Estuary Park Property Holdings Limited, a company registered in England and Wales. The smallest group into which the results of the company are consolidated is the financial statements of Trenport Property Holdings Limited, a company registered in England and Wales.

The largest publicly available group into which the results of the company are consolidated is the financial statements of Shop Direct Holdings Limited, a company registered in England and Wales, which the directors regard as being ultimately controlled by the Sir David Barclay and Sir Fredrick Barclay Family Settlements. The financial statements of Shop Direct Holdings Limited and Trenport Property Holdings Limited can be obtained by writing to 2nd Floor, 14 St George Street, London W1S 1FE, which is also the registered address of these entities.

12. Impact of transition to FRS 101

As stated in "statement of accounting policies", the company has transitioned from United Kingdom Generally Accepted Accounting Practice (UK GAAP) FRS 102 to FRS 101 during the current financial year.

The accounting policies set out in "statement of accounting policies" have been applied in preparing these financial statements and comparative information and in the preparation of an opening FRS 101 Statement of Financial Position at 1 July 2019.

In preparing its opening FRS 101 Statement of Financial Position the company has not been required to make any adjustments to amounts reported previously in the financial statements prepared in accordance with UK GAAP FRS 102. The transition to FRS 101 has had no impact on the company's financial position, financial performance and cash flows.