

DEVELOPMENT SECURITIES (HDD) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

DEVELOPMENT SECURITIES (HDD) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors of Development Securities (HDD) Limited (the 'Company') present their report and the audited financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited 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 audited 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; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As noted under the heading "Going concern" in the Directors' report and note 1.1 to the financial statements, the financial statements have not been prepared on a going concern basis and have instead been prepared on a break-up basis.

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 to enable them to ensure that the audited 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.

Principal activity, review of the business and future developments

The Company has continued its business of investment holding in the United Kingdom. Subsequent to year-end, the Company disposed of all its subsidiaries. The financial statements have not been prepared on a going concern basis. Instead, they have been prepared on a break-up basis reflecting management's decision to cease operations and dissolve the Company within twelve months.

Going concern

The Directors intend to dissolve the Company within 12 months from approval of the financial statements. The Directors do not intend for the Company to undertake alternative activities and consequently, the financial statements have not been prepared on a going concern basis and have instead been prepared on a break-up basis.

Results for the year and dividend

The results are set out in the Statement of Comprehensive Income on page 6.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: £Nil).

Directors

The directors who held office during the year and up to the date of this report unless otherwise stated were:

M R Potter (resigned 30 June 2023)
U and I Director 1 Limited (appointed 5 October 2022)
U and I Director 2 Limited (appointed 5 October 2022)
R Upton (resigned 30 April 2022)
G M Richardson (appointed 30 June 2023)

Indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report

Events after the end of the reporting period

The Company had sold its shareholding from its subsidiaries to Land Securities SPV's Limited in September, October and November 2023. In addition, in September 2023, the Company waived its receivable from its subsidiaries. Further, the Company's intercompany payable were also waived by the subsidiaries. Refer to Note 15 for details.

Small companies exemption

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

DEVELOPMENT SECURITIES (HDD) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Strategic report

The Company has taken advantage of the exemption under section 414B of the Companies Act 2006 not to prepare a Strategic Report.

Statement of disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Registered Office
100 Victoria Street
London
SW1E 5JL

This report was approved by the Board and signed on its behalf.

A Peeke, for and on behalf of U and I Company Secretaries Limited
Company Secretary

Date: 13 March 2024

Registered and domiciled in England and Wales
Registered number: 06287453

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (HDD) LIMITED

Opinion

We have audited the financial statements of Development Securities (HDD) Limited (the 'Company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - financial statements prepared on a break-up basis

We draw attention to note 1.1 to the financial statements which explains that the directors intend to dissolve the Company within 12 months from the approval of the financial statements and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a break-up basis as described in note 1.1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (HDD) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax regulations in the United Kingdom, including the UK REIT regulations.
- We understood how the Company is complying with those frameworks through enquiry with the Company and by identifying the Company's policies and procedures regarding compliance with laws and regulations. We also identified those members of the Company who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by reviewing the Land Securities Group risk register and through enquiry with the Company's Management during the planning and execution phases of the audit. Where the risk was considered to be higher we performed audit procedures to address each identified fraud risk, specifically the risk over carrying value of investment in subsidiary undertakings and intercompany balances.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Enquiry of Management, and when appropriate, those charged with governance of the Company, regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
 - Reading minutes of the meetings of those charged with governance;
 - Obtaining and reading correspondence from legal and regulatory bodies, including HMRC; and
 - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (HDD) LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Neil Warnock (Senior statutory auditor)
For and on behalf of
Ernst & Young LLP, Statutory Auditor
Belfast

Date: 15 March 2024

DEVELOPMENT SECURITIES (HDD) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £000	2022 £000
Costs - direct property or contract expenditure	5	(10)	369
Costs - movement on bad and doubtful debt expense	5	(8)	-
Operating (loss)/profit		(18)	369
Reversal of impairment of amounts due from Group undertakings	9	-	1,669
Total operating (loss)/profit		(18)	2,038
Tax on (loss)/profit	6	-	(1)
(Loss)/profit and total comprehensive income for the financial year		(18)	2,037

There were no recognised gains and losses for 2023 or 2022 other than those included in the Statement of Comprehensive Income.

All amounts are derived from continuing activities.

DEVELOPMENT SECURITIES (HDD) LIMITED
REGISTERED NUMBER:06287453

BALANCE SHEET
AS AT 31 MARCH 2023

	Notes	2023 £000	2022 £000
Investment in subsidiary undertakings	7	-	-
		<hr/>	<hr/>
		-	-
Trade and other receivables	8	2	8
Amounts due from Group undertakings	9	-	2,957
Cash and cash equivalents	10	-	5
		<hr/>	<hr/>
		2	2,970
Current liabilities			
Trade and other payables	11	-	(23)
Amounts owed to Group undertakings	12	(21)	(2,948)
		<hr/>	<hr/>
Net current liabilities		(21)	(2,971)
		<hr/>	<hr/>
Net liabilities		(19)	(1)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	-	-
Retained losses		(19)	(1)
		<hr/>	<hr/>
		(19)	(1)
		<hr/>	<hr/>

The financial statements on pages 6 to 15 were approved by the Board of Directors and were signed on its behalf by:

C Lund, for and on behalf of U and I Director 1 Limited
Director

Date: 13 March 2024

DEVELOPMENT SECURITIES (HDD) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £000	Retained losses £000	Total deficit £000
At 1 April 2021	-	(2,038)	(2,038)
Total comprehensive income for the financial year	-	2,037	2,037
At 31 March 2022	-	(1)	(1)
Total comprehensive loss for the financial year	-	(18)	(18)
At 31 March 2023	-	(19)	(19)

DEVELOPMENT SECURITIES (HDD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

1.1 Basis of preparation

In light of the Company's expected dissolution, these financial statements have been prepared on a break-up basis. Under this basis, all assets and liabilities have been classified as current and measured at their recoverable value and settlement value, respectively, as the intention is to settle all balances within 12 months from the approval of the financial statement. A restructuring team is in place and the process of dissolution has commenced post year end with investments being realised and intercompany debts being waived and the dissolution of the company is expected to occur on or before June 2024 (also refer to note 15). There is no material adjustment on the measurement or recognition of balances arising from the preparation of accounts on a break-up basis.

During the year, the Company changed its reporting framework from Financial Reporting Standard 102 ('FRS 102') the Financial Reporting Framework applicable in the UK and Republic of Ireland to Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') in order to align with accounting framework of its parent company Land Securities Group PLC. Refer to Note 2 - Changes in accounting policies for further information.

Development Securities (HDD) Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 06287453). The nature of the Company's operations is set out in the Directors' Report on page 1. The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from the Company's registered office at 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2023. The financial statements are prepared in Pounds Sterling (£) and are rounded to the nearest thousand pounds (£000) unless otherwise stated.

1.2 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary of Land Securities Group PLC, a Company incorporated in England and Wales whose consolidated financial statements are publicly available.

1.3 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The equivalent disclosures relating to IFRS 7, IFRS 13 and IAS 36 are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

1.4 Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, less any repayment of capital and provision for impairment in value (see 1.10).

1.5 Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate.

Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended. Receivables written off are no longer subject to any enforcement activity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer.

1.7 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.8 Share capital

Ordinary shares are classified as equity.

1.9 Going concern

The Directors intend to dissolve the Company within 12 months from approval of the financial statements. The Directors do not intend for the Company to undertake alternative activities and consequently, the financial statements have not been prepared on a going concern basis and have instead been prepared on a breakup basis.

1.10 Impairment

The carrying amounts of the Company's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

1.11 Income taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised, or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

1.12 Amounts owed to Group undertakings

Amounts owed to Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts owed to Group undertakings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income over the period of the loan, using the effective interest method.

1.13 Amounts due from Group undertakings

Amounts due from Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts due from Group undertakings are stated at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

1.14 Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

DEVELOPMENT SECURITIES (HDD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.15 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

2. Changes in accounting policies and standards

The Company presents its financial statements in accordance with FRS 101 for the financial year ended 31 March 2023 for the first time. For periods up to and including the year ended 31 March 2022, the Company prepared its financial statements in accordance with FRS 102. The date of transition to FRS 101 was 1 April 2021. Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 March 2023, together with the comparative period data for the year ended 31 March 2022, as described in the summary of significant accounting policies. The Company assessed the impact of this change and concluded that there are no associated material implications of this change in accounting policies and therefore no third balance sheet as of 1 April 2021 has been presented in these financial statements.

Amendments to accounting standards

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company, none of which are expected to have a material impact on the financial statements of the Company.

3. Significant accounting judgements and estimates

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These estimates involve assumptions or judgements in respect of future events. Actual results may differ from these estimates.

Estimates

(a) Impairment of investment in subsidiary undertakings

The Company is required to judge when there is sufficient objective evidence to require the impairment of investments in subsidiaries. It does this by assessing the net asset value of each subsidiary undertaking as at year end. A provision for impairment is made if the net asset value of the subsidiary undertaking is lower than the carrying amount of the investment recorded by the Company.

(b) Trade and other receivables

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this by assessing on a forward-looking basis, the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

The Company's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments, in particular, the assessment of expected insolvency filings or company voluntary arrangements, likely deferrals of payments due and rent concessions. As a result, the value of the provisions for impairment of the Company's trade receivables are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

(c) Amounts due from Group undertakings

The Company is required to estimate the impairment of amounts due from Group undertakings. It does this by assessing on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

DEVELOPMENT SECURITIES (HDD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. Management and administrative expenses

Management and administrative expenses consist of all costs of acting as an investment manager as explained in note (a) below. No staff costs or overheads are capitalised.

(a) Management services

The Company had no employees during the year (2022: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited (2022: U and I Group Limited), a fellow subsidiary undertaking, charges for which amount to **£Nil** (2022: £Nil).

(b) Directors' remuneration

The Group's directors' emoluments are borne by Land Securities Properties Limited (2022: U and I Group Limited). The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the Company (2022: £Nil).

(c) Auditor remuneration

The auditor's remuneration is borne by Land Securities Properties Limited (2022: LS Development Holdings Limited). The proportion of the remuneration which relates to the Company amounts to **£5,713** (2022: £5,260). No non-audit services were provided to the Company during the year (2022: None).

(d) Provision for impairment of trade and other receivables

An impairment of £8,104 (2022: £Nil) in respect of trade receivables has been recognised in the Statement of Comprehensive Income for the year.

5. Costs

	2023 £000	2022 £000
Costs-direct property or contract expenditure	10	369
Costs - movement on bad and doubtful debt expense	8	-
	<u>18</u>	<u>369</u>

6. Taxation

	2023 £000	2022 £000
Income tax on (loss)/profit for the year	-	1
Total income tax charge in the Income Statement	<u>-</u>	<u>1</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of **19%** (2022: 19%) as set out below:

	2023 £000	2022 £000
(Loss)/profit before tax	<u>(18)</u>	<u>2,038</u>
(Loss)/profit before tax multiplied by UK corporation tax rate	(3)	387
Effects of:		
Reversal of impairment of amounts due from Group undertakings	-	(317)
Capital allowances for year in excess of depreciation	3	-
Group relief claimed	-	(69)
Total tax charge for the year	<u>-</u>	<u>1</u>

DEVELOPMENT SECURITIES (HDD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6. Taxation (continued)

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result, the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

7. Investment in subsidiary undertakings

	2023 £	2022 £
At the beginning of the financial year	307	307
At 31 March	307	307

The total cost of investment in subsidiary undertakings is £307 (2022: £307). The total provision for impairment of investment in subsidiary undertakings is £Nil (2022: £Nil).

The directors believe that the carrying value of the investment is supported by the fair value of the net assets of the subsidiary undertakings. The subsidiary undertakings of the Company are:

Name	Class of shares owed	Holding Percentage	Principal Country of Incorporation	Nature of Business
HDD Newton Leys Limited	£1 Ordinary shares	100%	England & Wales	Property development
Wallis Court Buckshaw Limited	£1 Ordinary shares	100%	England & Wales	Property development
HDD RAF Watton Limited	£1 Ordinary shares	99%	England & Wales	Property development
EPD Buckshaw Village Limited	£1 Ordinary shares	99%	England & Wales	Property development
HDD Newcastle under Lyme Limited	£1 Ordinary shares	100%	England & Wales	Property development
HDD Didcot Limited	£1 Ordinary shares	50%	England & Wales	Property development
HDD Burghfield Common Limited	£1 Ordinary shares	50%	England & Wales	Property development
HDD Lawley Village Limited	£1 Ordinary shares	50%	England & Wales	Property development
Barrack Close Limited	£1 Ordinary shares	100%	England & Wales	Property development
HDD Llanelli Limited	£1 Ordinary shares	100%	England & Wales	Property development
Burghfield Bolt Limited	£1 Ordinary shares	100%	England & Wales	Property development

The subsidiary undertakings are registered at 100 Victoria Street, London, SW1E 5JL.

8. Trade and other receivables

	2023 £000	2022 £000
Trade receivables	2	8
Total trade receivables	2	8

An impairment of £3,104 (2022: £Nil) in respect of trade receivables has been recognised in the Statement of Comprehensive Income for the year.

DEVELOPMENT SECURITIES (HDD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. Amounts due from Group undertakings

	2023 £000	2022 £000
Amounts due from Group undertakings - fellow subsidiaries	-	2,957
Total amounts due from Group undertakings	-	2,957

In the prior year, the Company reversed an impairment charge on amounts due from Group undertakings of £1,669,000.

The unsecured amounts due from Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at 4.3 % per annum (2022: Nil).

10. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	-	5
	-	5

11. Trade and other payables

	2023 £000	2022 £000
Other payables	-	1
Accruals	-	22
Total trade and other payables	-	23

12. Amounts owed to Group undertakings

	2023 £000	2022 £000
Amounts owed to Group undertakings - fellow subsidiary	21	2,948
Total amounts owed to Group undertakings	21	2,948

The unsecured amounts due from Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at 4.3 % per annum (2022: Nil).

13. Share capital

	Authorised and issued		Allotted and fully paid	
	2023 Number	2022 Number	2023 £	2022 £
Ordinary shares of £1.00 each	100	100	100	100
	100	100	100	100

DEVELOPMENT SECURITIES (HDD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. Parent company

The immediate parent company is U and I Group Limited.

The ultimate parent company and controlling party at 31 March 2023 was Land Securities Group PLC, which is registered in England and Wales.

Consolidated financial statements for the year ended 31 March 2023 for Land Securities Group PLC can be obtained from the Company Secretary at the registered office of the ultimate parent company, 100 Victoria Street, London, SW1E 5JL and from the Group website at www.landsec.com. This is the largest and smallest Group to include these financial statements in its consolidated financial statements.

15. Events after the end of the reporting period

On 31 March 2023 as part of closing out the U+I Group integration, any remaining intercompany receivables or payables within the U+I group formed part of the Land Securities Group Intra Group Financing Deed dated 4 November 2004 and consequently were deemed as receivable or payable to Land Securities Properties Limited. As part of a rationalisation exercise to reduce the number of group statutory entities, it was decided to transfer back any debt considered irrecoverable to the original holder. These amounts were subsequently forgiven by a debt waiver deed.

On 21 September 2023, the Company waived its intercompany receivable from the following subsidiaries:

- £53,768 loaned to Burghfield Bolt Limited
- £591,688 loaned to HDD Llanelli Limited
- £1,820,232 loaned to HDD Newcastle Under Lyme Limited
- £1,648,467 loaned to EPD Buckshaw Village Limited
- £330,305 loaned to HDD RAF Watton Limited

On the same day, HDD Burghfield Common Limited waived its intercompany receivable from the Company amounting to £782,107.

In addition, on 21 September 2023, the Company sold a total of 305 ordinary shares to Land Securities SPV's Limited for a total consideration of £305. The sale of shares was as follows:

- 100 ordinary 'A' shares of GBP 1 of HDD RAF Watton Limited
- 1 ordinary 'A' share of GBP 1 of HDD Burghfield Common Limited
- 100 ordinary 'A' shares of GBP 1 of HDD Newcastle Under Lyme Limited
- 1 ordinary share of GBP 1 of Burghfield Bolt Limited
- 100 ordinary 'A' shares of GBP 1 of EPD Buckshaw Village Limited
- 2 ordinary share of GBP 1 of HDD Llanelli Limited
- 1 ordinary share of GBP 1 of Wallis Court Buckshaw Limited

On 9 October 2023, the following subsidiaries waived their receivable from the Company as follows:

- £166,408 loaned by Barrack Close Limited
- £926,931 loaned by HDD Didcot Limited
- £695,168 loaned by HDD Lawley Village Limited

Further on 9 October 2023 the company sold a total of 3 ordinary shares to Land Securities SPV's Limited for consideration of £1 each.

- 1 ordinary share of GBP 1 of Barrack Close Limited
- 1 ordinary 'A' share of GBP 1 of HDD Lawley Village limited
- 1 ordinary 'A' share of GBP 1 of HDD Didcot Limited

On 2 November 2023 the company sold its 1 ordinary share in HDD Newton Leys Limited to Land Securities Limited for consideration of £1.

On 23 January 2024, HDD Newton Leys waived its receivable from the Company amounting to £321,599.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.