

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2014

REGISTERED NUMBER: 07159358

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LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A P Lawrence
M A Pain
S C Casey
B A Betsy
S D Brown

COMPANY SECRETARY

A P Lawrence

SOLICITORS

Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

BANKERS

The Royal Bank of Scotland
280 Bishopsgate
London Square
EC2M 4RB

REGISTERED OFFICE

The Coach House
6 & 8 Swakeleys Road
Ickenham
Uxbridge
Middlesex
UB10 8BG

COMPANY REGISTRATION NUMBER

07159358

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

REPORT AND GROUP FINANCIAL STATEMENTS

CONTENTS

Pages	4 to 5	Directors' Report
	6 to 8	Strategic Report
	9 to 10	Independent Auditors' Report
	11	Profit and Loss Account
	12	Balance Sheet
	13	Accounting Policies
	14 to 19	Notes to the Financial Statements

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the Company in the year under review continued to be that of a holding company. The Directors are not aware of any likely major changes in the immediate future.

DIVIDENDS

No dividends were approved or paid during the year (2013: £nil).

DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements were:

A P Lawrence

M A Pain

S C Casey

P T Ford (Resigned 31 May 2013)

B A Betsy (Appointed 31 May 2013)

S D Brown (Appointed 26 November 2013)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

As permitted by the Companies Act 2006, the Company carries appropriate insurance cover in respect of possible legal action being taken against its Directors and senior employees. Such qualifying third party indemnity provision remains in force as at the date of this report.

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors confirm that:

- (1) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

GOING CONCERN

The company is funded by £8,916,009 non-redeemable preference shares and £25,622,678 loan notes which are not due for repayment until 2017. Therefore these financial statements have been prepared on a going concern basis. The Directors have received confirmation that the ultimate parent company intends to support the Company for at least one year after these financial statements are signed.

On behalf of the Board


A P Lawrence
Director

26 June 2014

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of London Square Developments (Ventures) Limited.

The principal activities of the Company in the year under review were that of a holding company and the Directors are not aware of any likely major changes in the immediate future.

The Company's results for the year are set out on page 11 of the financial statements.

STRATEGY

The Directors anticipate that the Company will continue to grow and generate profits in the forthcoming year and they are confident about the future prospects of the.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Inability to source suitable land at satisfactory margins, resulting in a detrimental effect on the Company's land bank – this is mitigated through pre-purchase due diligence, viability assessments and authorisation of land purchases in line with Group procedures.

Delays and the increased complexity of the planning process, resulting in a slowdown of the Company's growth – this is mitigated through taking advice from professionals to progress the planning process.

Impact of the marketplace on buyer confidence and mortgage finance availability, resulting in adverse operational performance – this is mitigated by careful product and pricing strategy and use of sales incentives.

Inability to source appropriately skilled personnel and suitably priced materials, resulting in delays and declining profitability – this is mitigated by ensuring that systems are in place for engaging, monitoring and controlling work carried out by subcontractors and by ensuring that materials are secured at competitive prices.

Continued support of the Company's Banks – this is mitigated by regular reporting and monitoring with the Banks as well as securing financing arrangements with more than one bank at market competitive terms.

Inability to operate successfully in a highly competitive market, resulting in declining performance – this is mitigated by remaining informed of the changes in market conditions and responding to them strategically to ensure the Company maximises its performance.

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

FINANCIAL RISK MANAGEMENT

The key financial risks and uncertainties affecting the Company are considered to relate to liquidity and interest rate movements, as set out below:

Liquidity – Cash flows are reviewed by the management on a regular basis and appropriate processes have been put in place to mitigate risks. Loan note funding and associated interest is not repayable until 2017. Bank loans are repayable from the proceeds of the developments for which the loans have been provided. Repayment is anticipated to occur within one to two years from the balance sheet date.

Interest Rate Movements – The Company's principal activities are funded by bank loans. Bank loans carry interest at LIBOR plus a fixed margin and the Directors have mitigated part of this risk by entering into hedging arrangements with the bank providing the loans.

FUTURE DEVELOPMENTS

The Directors anticipate that the Company will continue to grow and generate profits in the forthcoming year and they are confident about the future prospects of the.

EMPLOYEE INVOLVEMENT

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining performance. The Company encourages the involvement of employees by means of continuous improvement teams and regular communication activities.

EQUAL OPPORTUNITIES

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

ENVIRONMENTAL POLICY

The Company has a well-established environmental policy, setting out its environmental objectives and commitment to progress towards environmental excellence. The emphasis is on continuous improvement of environmental performance. This entails influencing suppliers and sub-contractors to adopt sound environmental management practices.

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

HEALTH & SAFETY

Health & Safety is key area of focus for the Company, and the Directors regularly monitor the Company's Health and Safety record.

The Strategic Report on pages 6 to 7 was approved by the Board of Directors on 26 June 2014.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'A P Lawrence', with a long horizontal flourish extending to the right.

A P Lawrence
Director

26 June 2014

Independent auditors' report to the members of London Square Developments (Holdings) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by London Square Developments Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended;
- the reconciliation of movements in shareholders' funds for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of London Square Developments (Holdings) Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

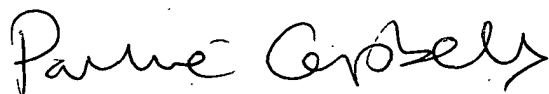
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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 ISAs (UK & 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.



Pauline J Campbell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
27 June 2014

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014**

	<u>Notes</u>	<u>Year Ended</u> <u>31.03.2014</u> <u>£</u>	<u>Year Ended</u> <u>31.03.2013</u> <u>£</u>
Administrative expenses		(60)	(60)
<hr/>			
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	1	(60)	(60)
Interest receivable and similar income	2	48	100
Interest payable and similar charges	3	(2,562,012)	(2,562,012)
<hr/>			
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,562,024)	(2,561,972)
Tax on loss on ordinary activities	4	-	-
<hr/>			
LOSS FOR THE FINANCIAL YEAR		(2,562,024)	(2,561,972)
<hr/> <hr/>			

All amounts relate to continuing operations.

There were no recognised gains or losses other than the loss for the years reported above and therefore no statement of total recognised gains and losses has been presented.


There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and the historical cost equivalent.

The notes on pages 13 to 19 form part of these financial statements

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED**COMPANY REGISTRATION NUMBER: 07159358****BALANCE SHEET AS AT 31 MARCH 2014**

	<u>Notes</u>	<u>At 31.03.2014</u>	<u>At 31.03.2013</u>
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Investments	6	4	4
CURRENT ASSETS			
Debtors	7	27,498,541	27,498,541
Cash at bank and in hand		295	30,307
		<hr/>	<hr/>
		27,498,836	27,528,848
CREDITORS: amounts falling due within one year	8	(2)	(30,002)
		<hr/>	<hr/>
NET CURRENT ASSETS		27,498,834	27,498,846
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,498,838	27,498,850
CREDITORS: amounts falling due after more than one year	9	(34,538,688)	(31,976,676)
		<hr/>	<hr/>
NET LIABILITIES		(7,039,850)	(4,477,826)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	10	965,000	965,000
Profit and loss account	11	(8,004,850)	(5,442,826)
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' DEFICIT	12	(7,039,850)	(4,477,826)
		<hr/>	<hr/>

The financial statements on pages 11 to 19 were approved and authorised for issue by the Board of Directors on 26 June 2014.


 A P Lawrence
 Director
 26 June 2014

The notes on pages 13 to 19 form part of these financial statements

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The financial statements contain information about London Square Developments (Holdings) 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 publicly available consolidated financial statements of its ultimate parent, London Square Developments (Equity) Limited, a company incorporated in England and Wales.

GOING CONCERN

The company is funded by £8,916,009 non-redeemable preference shares and £25,622,678 loan notes which are not due for repayment until 2017. Therefore these financial statements have been prepared on a going concern basis.

CASH FLOW

The Company is a wholly owned subsidiary company of a group headed by London Square Developments (Equity) Limited, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'.

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 at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates of tax expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings. Deferred tax assets are provided to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairments. Impairment reviews are performed by management when there has been an indication of potential impairment.

PREFERENCE SHARE DIVIDENDS

Under FRS25 "Accounting for Capital Instruments", the Directors consider that the 10% Preference Shares should be treated as debt. Accordingly, the preference dividend is shown as interest payable and is calculated at the fixed interest rate and accrued on a daily basis. The interest dividend is not payable until 2017.

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1 LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

The loss before interest and taxation, which is wholly attributable to the principal activities of the Company and arises within the United Kingdom, is stated after charging:

	<u>2014</u> £	<u>2013</u> £
Finance Costs	60	60
	<hr/>	<hr/>

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2014</u> £	<u>2013</u> £
Bank interest received	48	100
	<hr/>	<hr/>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2014</u> £	<u>2013</u> £
Preference share dividend payable	2,562,012	2,562,012
	<hr/>	<hr/>

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>Year Ended</u> <u>31.03.14</u> £	<u>Year Ended</u> <u>31.03.13</u> £
Current taxation:		
U.K. Corporation Tax on the loss for the year	-	-
Deferred taxation:		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

4 TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the year is different (2013: different) from the rate of corporation tax in the U.K. of 23% (2013: 24%). The difference is explained below:

Loss on ordinary activities before taxation	(2,562,024)	(2,561,972)
Taxation at the average rate of 23% (2013: 24%) applicable in the U.K. on the loss on ordinary	(589,266)	(614,874)
Losses not recognised		
Preference share dividend payable not deductible for tax purposes	589,263	614,883
Losses not recognised	3	-
Transfer pricing adjustment	-	(18,000)
Group relief not paid for	-	17,991
Current tax for the year	-	-

Factors which may affect future charges:

There is an unprovided deferred tax asset of £3 (2013: £22,096) relating to losses carried forward. The deferred tax asset has not been recognised in the financial statements due to uncertainty over the timing of suitable future taxable income.

Finance Act 2012, which was enacted on 17 July 2012, includes legislation reducing the main UK corporation tax rate from 26% to 24%, effective from 1 April 2012. A further reduction to 23% was also enacted on this date and is effective from 1 April 2013. The financial statements reflect these changes.

Finance Act 2013, which was enacted on 17 July 2013, includes legislation reducing the main UK corporation tax rate from 23% to 21%, effective from 1 April 2014. A further reduction to 20% was also enacted on this date and will be effective from 1 April 2015.

5 EMPLOYEES, DIRECTORS' EMOLUMENTS AND AUDIT FEES

There were no employees other than the Directors during the year (2013: nil). The Directors did not receive any emoluments in respect of their services to the Company.

Audit fees relating to the statutory audit of the Company of £1,750 (2013: £1,500) have been borne by the parent company.

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

6 INVESTMENTS

Cost	£	4
At 1 April 2013		-
Additions		-
		<hr/>
At 31 March 2014		4
		<hr/>

The Directors believe the carrying value of the investments is supported by their underlying trade and net assets. The Company owns 100% of the issued share capital of the companies (all incorporated in England and Wales) listed below:

Name	Business activity	Class of shares
London Square Developments Limited	Land developer and house builder	£1 ordinary share
London Square (Investments) Limited	Holding company	£1 ordinary share
Indirectly held subsidiaries:		
London Square (Putney) Limited	Land developer and house builder	£1 ordinary share
London Square (Leonard St.) Limited	Land developer and house builder	£1 ordinary share
London Square (Caledonian Road) Limited	Land developer and house builder	£1 ordinary share
London Square (Chigwell) Limited	Land developer and house builder	£1 ordinary share

7 DEBTORS

	<u>2014</u> £	<u>2013</u> £
Amounts owed by group undertakings	27,498,541	27,498,541
	<hr/>	<hr/>
	27,498,541	27,498,541
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, interest-free and are repayable on demand.

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2014</u> £	<u>2013</u> £
Amounts owed to subsidiary undertakings	2	30,002

Amounts owed to the subsidiary undertakings are unsecured, interest free and are repayable on demand.

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2014</u> £	<u>2013</u> £
Cumulative 10% redeemable 99.99 pence preference shares	25,620,117	25,620,117
Cumulative 10% redeemable 0.01 pence preference shares	2,562	2,562
Accrued dividend on £1 preference shares	2,858,661	2,858,661
Accrued dividend on 99.99 pence preference shares	6,057,348	3,495,336
	<hr/> 34,538,688 <hr/>	<hr/> 31,976,676 <hr/>

The £1 and the 99.99 pence cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 10% per annum, payable and redeemable at the same time, as follows:

1. On 31 March 2017; or

2. Immediately prior to a sale or quotation.

The 0.01 pence cumulative preference shares carry the historic fixed cumulative preferential dividend accrued at 18 November 2011 by way of redemption premium.

Subject to Investor Consent, the Company may redeem preference shares at any time, subject to giving not less than 25 business days' notice in writing to the holders of the preference shares. On a winding up, the holders have priority before all other classes of shares to receive repayment of capital plus dividend arrears. The holders have no voting rights.

The maturity of the Company's debt is as follows:

	Owed to subsidiary undertaking £	Cumulative redeemable preference shares £
Less than one year	2	-
Between two and five years	-	34,538,688
More than five years	-	-
	<hr/> 2 <hr/>	<hr/> 34,538,688 <hr/>

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

10	CALLED UP SHARE CAPITAL	<u>2014</u>	<u>2013</u>
		£	£
	Allotted, issued and fully paid:		
	Ordinary "A" shares of £1 each	780,000	780,000
	Ordinary "B" shares of £1 each	185,000	185,000
		<hr/>	<hr/>
		965,000	965,000
		<hr/>	<hr/>

Both types of ordinary shares have the same economic and voting rights but differ in the nature of whether they are held by external investors ("A" ordinary shares) or directors and employees of the Company ("B" ordinary shares). There are certain restrictions on who may be issued with "B" ordinary shares and how those shares may be transferred or disposed of.

11	OTHER RESERVES	<u>Profit and Loss Account</u>
		£
	Company	
	At 1 April 2013	(5,442,826)
	Loss for the financial year	(2,562,024)
		<hr/>
	At 31 March 2014	(8,004,850)
		<hr/>

12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFECIT	<u>2014</u>	<u>2013</u>
		£	£
	Loss for the financial year	(2,562,024)	(2,561,972)
		<hr/>	<hr/>
	Net movement in shareholders' deficits	(2,562,024)	(2,561,972)
	Opening shareholders' deficit	(4,477,826)	(1,915,854)
		<hr/>	<hr/>
	Closing shareholders' deficit	(7,039,850)	(4,477,826)
		<hr/>	<hr/>

13 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of London Square Developments (Equity) Limited, London Square Developments (Holdings) Limited has taken advantage of the exemption under FRS8 'Related Party Transactions' from the requirement to disclose related party transactions with the London Square Developments (Equity) Limited group.

LONDON SQUARE DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

14 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is London Square Developments (Equity) Limited, a company incorporated in the United Kingdom. London Square Developments (Equity) Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The consolidated financial statements of London Square Developments (Equity) Limited can be obtained from the Company Secretary at the registered office; The Coach House, 6 & 8 Swakeleys Road, Ickenham, Middlesex UB10 8BG.