

LONDON SQUARE WORKS LIMITED
(formerly London Square (Caledonian Road) Limited)
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019
REGISTERED NUMBER: 08051976

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COMPANIES HOUSE

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LONDON SQUARE WORKS LIMITED

DIRECTORS

A P Lawrence
S D Brown
S S Hudson
R S Littler
A Maciejewski
M C Smith
M S Phillips
M S Evans

COMPANY SECRETARY

A P Lawrence

INDEPENDENT AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

The Royal Bank of Scotland
280 Bishopsgate
London
EC2M 4RB

REGISTERED OFFICE

One York Road
Uxbridge
Middlesex
UB8 1RN

COMPANY REGISTRATION NUMBER

08051976

LONDON SQUARE WORKS LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for London Square Works Limited (the "Company") for the year ended 31 March 2019. During the year the Company changed its name from London Square (Caledonian Road) Limited to London Square Works Limited.

BUSINESS REVIEW

During the year, the Company commenced trading as London Square Works Limited. The Company is responsible for the development and sale of commercial and other non-residential assets on development sites owned by other London Square group companies.

The Company's results for the year are reported in the Profit and Loss Account on page 7 of these financial statements.

The performance of the Company is susceptible to the political uncertainty around the final nature of the implementation of the referendum decision on the UK's membership of the European Union. Impact on the consumer confidence could reduce future performance.

DIVIDENDS

No dividends were recommend, approved or paid during the year (2018: £nil).

GOING CONCERN

The Company has received a letter of financial support from its parent undertaking, London Square Limited, in which it has agreed to provide financial support to the Company to meet its liabilities as they fall due. On the basis of this continued support these financial statement have been prepared on the going concern basis.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements are:

A P Lawrence
B A Betsy (resigned 4 May 2018)
S D Brown
S S Hudson
R S Littler
A Maciejewski
M C Smith
M S Phillips
M S Evans (appointed 16 January 2019)

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 was in place throughout the year and remains in force as at the date of this report.

LONDON SQUARE WORKS LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

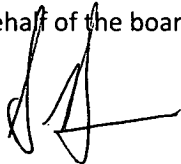
In the case of each director in office at the date the Directors' Report is approved:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) 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.

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions relating to small companies of Part 15 of the Companies Act 2006, including the exemption from providing a strategic report.

On behalf of the board



S D Brown

Director

8 November 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON SQUARE WORKS LIMITED

Opinion

We have audited the financial statements of London Square Works Limited for the year ended 31 March 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9, 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 2019 and of its profit 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 below. 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.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON SQUARE WORKS LIMITED (CONTINUED)

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.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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.

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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and 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 statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON SQUARE WORKS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

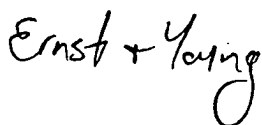
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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.

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.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Peter McIver (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 November 2019

LONDON SQUARE WORKS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> <u>£'000</u>	<u>2018</u> <u>£'000</u>
Revenue		2,108	-
Cost of sales		(2,000)	-
		<hr/>	<hr/>
Gross profit		108	-
Selling Costs		(9)	-
		<hr/>	<hr/>
Profit before taxation		99	-
Tax on profit	4	-	-
		<hr/>	<hr/>
Profit for the financial year		99	-
		<hr/>	<hr/>

All amounts relate to continuing operations.

The Company had no other comprehensive income other the profit for the year reported above.

LONDON SQUARE WORKS LIMITED

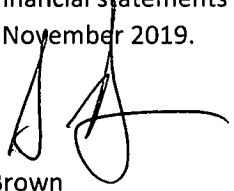
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	<u>Called up share capital</u> <u>£'000</u>	<u>Retained earnings</u> <u>£'000</u>	<u>Total equity</u> <u>£'000</u>
At 1 April 2017	-	-	-
Result for the financial year	-	-	-
At 31 March 2018	-	-	-
Profit for the financial year	-	99	99
At 31 March 2019	-	99	99

LONDON SQUARE WORKS LIMITED
REGISTERED NUMBER: 08051976
BALANCE SHEET AS AT 31 MARCH 2019

	<u>Note</u>	<u>2019</u> <u>£'000</u>	<u>2018</u> <u>£'000</u>
Current assets			
Stocks	5	140	-
Debtors	6	5	-
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		145	-
Creditors: amounts falling due within one year	7	(46)	-
		<hr/>	<hr/>
Net assets		99	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	-	-
Retained earnings		99	-
		<hr/>	<hr/>
Total equity		99	-
		<hr/>	<hr/>

The financial statements on pages 7 to 16 were approved and authorised for issue by the board of directors on 8 November 2019.


S D Brown
Director
8 November 2019

LONDON SQUARE WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

General information

The Company is a private company limited by shares incorporated and domiciled in England and Wales. The Company's financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000) unless otherwise indicated.

Basis of preparation

These financial statements were prepared on the going concern basis, under the historical cost convention, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), the Companies Act 2006 and applicable accounting standards.

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

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures* ;
- (b) the requirement of paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 *Presentation of Financial Statements* ; and
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment* .
- (c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements* ;
- (d) the requirements of IAS 7 *Statement of Cash Flows* ;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ;
- (f) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures* ; and
- (g) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions 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 Company's parent undertaking, London Square (Investments) Limited, was notified and did not object to the use of the disclosure exemptions.

Going concern

The Company has received a letter of financial support from its parent undertaking, London Square Limited, in which it has agreed to provide financial support to the Company to meet its liabilities as they fall due. On the basis of this continued support these financial statement have been prepared on the going concern basis.

New and amended standards and interpretations

The Company has not adopted any standards or interpretations early in either the current or the preceding year.

At the date of approving these financial statements there are no new or revised interpretations or standards in existence but not yet effective that are expected to have a material effect to the Company's financial position or performance.

As the Company has been dormant since incorporation until this financial year there has been no impact of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers* becoming effective in the current year.

LONDON SQUARE WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following judgement has the most significant impact on the amounts recognised in the financial statements:

Impairment of stocks

The Company has developed internal controls to review the carrying value of each asset on a quarterly basis, estimating expected revenue and expenditure, both of which require judgement. Where it is determined forecast revenues are lower than expected expenditure, an impairment charge is made. Charges made to previously impaired assets may be reversed in future years where there is evidence of increased selling prices or reduced expenditure.

Significant accounting policies

The principal accounting policies adopted, which have been applied consistently throughout the year, are set out below.

Revenue and contract balances

Revenue represents the total receivable in respect of sales and services provided once performance obligations are met.

Revenue from the sale of individual commercial units and other assets, such as car parking spaces, are recognised on legal completion at the value of consideration received or receivable, net of selling discounts.

Revenue from contracted development sales is recognised using the input method i.e. cost completion percentage over the period the work is performed. The percentage of completion is measured through reference to the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs.

Where payments from customers are received after the associated performance obligations being met and therefore revenue recognised in the profit and loss account, contract assets are recognised. Conversely where payments from customers are received in advance of the associated performance obligations being met and therefore revenue being recognised in the profit and loss account, contract liabilities are recognised and these include buyer deposits.

LONDON SQUARE WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

Cost of sales

Costs attributable to the sale of individual commercial units and other assets, such as car parking spaces, are charged to the profit and loss account in the financial period in which legal completion of the sale occurs.

Costs associated with contracted development sales are recognised in the period in which they are incurred.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit and loss account. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

LONDON SQUARE WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Stocks

The related purchase costs and development expenses of the assets acquired for sale are valued at the lower of cost and net realisable value. Costs include acquisition price any direct materials, labour costs, site overheads, associated professional charges and other attributable overheads incurred in bringing a site to its stage of completion at the period end, including an appropriate proportion of indirect expenses. Net realisable value represents the estimated selling prices less all estimated costs of completion.

Cash

Cash relates to all bank and similar balances which are readily available and liquid for use on demand.

Debtors

Debtors on normal terms do not carry any interest, are stated at amortised cost and are assessed for recoverability on an ongoing basis.

Trade creditors

Trade creditors on normal terms are not interest bearing and are stated at amortised cost.

Contract liabilities

Exchange deposits and on account contract receipts are held within contract liabilities until the legal completion of the related asset or cancellation of the sale.

LONDON SQUARE WORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****2 AUDITORS' REMUNERATION**

The operating profit is stated after charging £2,000 (2018: £nil) in respect of the fee payable to the Company's auditors for the audit of the financial statements.

3 DIRECTORS' REMUNERATION

The directors did not receive any remuneration in respect of their services to the Company (2018: £nil).

4 TAX ON PROFIT

	<u>2019</u> <u>£'000</u>	<u>2018</u> <u>£'000</u>
Current taxation:		
UK Corporation Tax	-	-
	<hr/>	<hr/>
Tax on profit	-	-
	<hr/>	<hr/>

The tax assessed for the year is different from the rate of corporation tax in the UK of 19% (2018: 19%). The difference is explained below:

Profit before taxation	99	-
	<hr/>	<hr/>
Tax at the UK standard rate of tax of 19% (2018: 19%)	19	-
	<hr/>	<hr/>
Effects of:		
Group relief not paid for	(19)	-
	<hr/>	<hr/>
Total tax for the year	-	-
	<hr/>	<hr/>

Corporation tax rate changes

Legislation has been enacted reducing the main UK corporation tax rate from 1 April 2020 to 17%.

LONDON SQUARE WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5 STOCKS

	<u>2019</u> <u>£'000</u>	<u>2018</u> <u>£'000</u>
Assets acquired for resale	140	-
	<u>140</u>	<u>-</u>

The costs of sales expense reported in the Profit and Loss Account represents the value of stocks recognised as an expense for the current and preceding year.

6 DEBTORS

	<u>2019</u> <u>£'000</u>	<u>2018</u> <u>£'000</u>
Other debtors	1	-
Amounts owed by group undertakings	4	-
	<u>5</u>	<u>-</u>

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

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2019</u> <u>£'000</u>	<u>2018</u> <u>£'000</u>
Trade creditors	6	-
Amounts owed to group undertakings	40	-
	<u>46</u>	<u>-</u>

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

8 CALLED UP SHARE CAPITAL

	<u>2019</u> <u>£</u>	<u>2018</u> <u>£</u>
<i>Authorised, allotted, called up and fully paid:</i>		
2 (2018: 2) ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

LONDON SQUARE WORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The Company's immediate parent undertaking is London Square Developments (Investments) Limited and the ultimate controlling parties are funds managed by affiliates of Ares Management LLC. The smallest and largest group financial statements in which the Company is included are prepared by London Square Developments (Ventures) Limited and London Square Developments (Holdings) Limited respectively.

Financial statements for companies in the London Square Developments (Holdings) Limited group are available from the Company Secretary, One York Road, Uxbridge, Middlesex, UB8 1RN.