

LSQ MANAGEMENT LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022
REGISTERED NUMBER: 09095083



LSQ MANAGEMENT LIMITED

DIRECTORS

A P Lawrence
S D Brown
S C Casey
S S Hudson
A Maciejewski
M A Pain
M C Smith
M S Phillips
M S Evans
N D Greilsamer

INDEPENDENT AUDITORS

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

REGISTERED OFFICE

One York Road
Uxbridge
Middlesex
UB8 1RN

COMPANY REGISTRATION NUMBER

09095083

LSQ MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for LSQ Management Limited (the "Company") for the year ended 31 March 2022.

BUSINESS REVIEW

The Company's principal activity is to be an investing company and is expected to continue to be so for the foreseeable future.

The Company's results for the year and financial position as at year end are reported in the Income Statement on page 8 and the Balance Sheet on page 10 respectively.

The directors do not monitor any Company key performance indicators.

DIVIDENDS

No dividends were approved or paid during the year (2021: £nil).

GOING CONCERN

The directors have conducted a rigorous assessment of the Company's ability to continue in operational existence for the period to 30 September 2023 (the going concern period). In making this assessment consideration has been given to the current financial position along with the uncertainty inherent in future financial forecasts and, where applicable, severe but plausible sensitivities have been applied to key factors affecting the expected financial position and liquidity of the Company.

The assessment has considered stress tests to assess the Company's resilience. In all stress tests the Company demonstrated that it could maintain good liquidity levels. The directors have also considered that should it be necessary there are a range of mitigating actions that can be taken in order to ensure continued liquidity.

Accordingly, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period and so continue to prepare these financial statements 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
S D Brown
S C Casey
S S Hudson
A Maciejewski
M A Pain
M C Smith
M S Phillips
M S Evans
N D Greilsamer

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.

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 company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing the 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; 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. The directors 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.

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
15 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSQ MANAGEMENT LIMITED

Opinion

We have audited the financial statements of LSQ Management Limited for the year ended 31 March 2022 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards in conformity with the requirements of the Companies Act

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSQ MANAGEMENT LIMITED (CONTINUED)

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 strategic report and 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; or
- 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 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, 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 AUDITOR'S REPORT TO THE MEMBERS OF LSQ MANAGEMENT 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.

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.

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

Our approach was as follows:

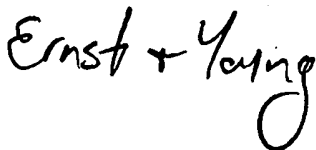
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework.
- We understood how LSQ Management Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers and noted that there was no contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility of fraud. We also considered performance targets and their influence on efforts made by management to manage Key Performance Indicators. Where this risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the board on compliance with regulations, and enquiries of management.

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 LSQ MANAGEMENT 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.

A handwritten signature in black ink, reading "Ernst & Young". The signature is written in a cursive, flowing style, with the "E" and "Y" being particularly prominent.

Peter McIver (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 July 2022

LSQ MANAGEMENT LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Note</u>	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Preference shares dividend receivable		1,054	462
Preference shares dividend receivable waived	4		(5,841)
Preference shares dividend payable		(1,054)	(462)
Preference shares dividend payable waived	5		5,841
		<hr/>	<hr/>
Result before tax		-	-
Tax	6	-	-
		<hr/>	<hr/>
Result after tax for the financial year		-	-
		<hr/> <hr/>	<hr/> <hr/>

All amounts are attributable to the owners of LSQ Management Limited.

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

LSQ MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	<u>Ordinary share capital £'000</u>	<u>Share premium £'000</u>	<u>Retained earnings £'000</u>	<u>Total equity £'000</u>
At 1 April 2020	6	192	-	198
Result for the financial year	-	-	-	-
At 31 March 2021	6	192	-	198
Result for the financial year	-	-	-	-
At 31 March 2022	6	192	-	198

LSQ MANAGEMENT LIMITED
REGISTERED NUMBER: 09095083
BALANCE SHEET AS AT 31 MARCH 2021

	<u>Note</u>	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
ASSETS			
Non-current assets			
Investments	7	10,798	9,744
LIABILITIES			
Non-current liabilities			
Borrowings	8	(10,600)	(9,546)
Net assets		<u>198</u>	<u>198</u>
Capital and reserves			
Ordinary share capital	9	6	6
Share premium		192	192
Retained earnings		-	-
Total equity		<u>198</u>	<u>198</u>

The financial statements on pages 8 to 15 were approved and authorised for issue by the board of directors on 15 July 2022.



S D Brown
Director
15 July 2022

LSQ MANAGEMENT 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Company did not enter into any transactions that would be reported in a Statement of Cash Flows in the period and accordingly this statement is not presented in these financial statements.

Going concern

The directors have conducted a rigorous assessment of the Company's ability to continue in operational existence for the period to 31 July 2023 (the going concern period). In making this assessment consideration has been given to the current financial position along with the uncertainty inherent in future financial forecasts and, where applicable, severe but plausible sensitivities have been applied to key factors affecting the expected financial position and liquidity of the Company.

The assessment has considered stress tests to assess the Company's resilience. In all stress tests the Company demonstrated that it could maintain good liquidity levels. The directors have also considered that should it be necessary there are a range of mitigating actions that can be taken in order to ensure continued liquidity.

Accordingly, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period and so continue to prepare these financial statements on the going concern basis.

New and amended standards and interpretations

The Company has not adopted any accounting standards for the first time in the year that have had a material impact on the Company's performance or position, nor has the Company 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.

Significant accounting policies

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

Investments

Investments are carried at amortised cost, less provision for impairment.

Preference shares and dividends

In accordance with IAS 32 *Financial Instruments: Presentation*, the directors consider that the preference shares should be presented as a financial liability. Accordingly, the preference dividend is shown as interest payable and is calculated at the fixed interest rate and accrued on a daily basis.

LSQ MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

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 income statement. 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

- 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

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.

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.

LSQ MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

Deferred tax (continued)

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.

2 AUDITORS' REMUNERATION

The fee payable to the Company's auditors for the audit of the financial statements of £5,000 (2021: £5,000) was borne by London Square Developments Limited, a subsidiary undertaking of London Square Developments (Holdings) Limited of which the Company is a shareholder.

3 DIRECTORS' REMUNERATION

The directors did not receive any remuneration in respect of their services to the Company (2021: £nil).

4 PREFERENCE SHARES DIVIDEND RECEIVABLE WAIVED

In the prior year, the Company agreed to a number of changes in respect of these instruments. The Company agreed to waive £5,841,000 of dividends accrued to 30 September 2019 and reduce the rate at which dividends accrue to 10% per annum for two years until 30 September 2021. The Company has neither paid nor received any cash as a result of these changes.

5 PREFERENCE SHARES DIVIDEND PAYABLE WAIVED

In the prior year, the Company's preference shareholders agreed to a number of changes in respect of these instruments. The preference shareholders agreed to waive £5,841,000 of dividends accrued to 30 September 2019 and reduce the rate at which dividends accrue to 10% per annum for two years until 30 September 2021. The Company has neither paid nor received any cash as a result of these changes.

6 TAX

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Current taxation:		
UK Corporation Tax	-	-
	<hr/>	<hr/>
Tax	-	-
	<hr/> <hr/>	<hr/> <hr/>

LSQ MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6 TAX (CONTINUED)

The tax assessed for the year is different from the rate of corporation tax in the UK of 19% (2021: 19%).

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Result before tax	-	-
Tax at the UK standard rate of tax of 19% (2021: 19%)	-	-
Effects of:		
Income not taxable	(200)	(88)
Exempt waiver of dividends receivable	-	1,110
Expenses not deductible	200	88
Exempt waiver of interest payable	-	(1,110)
Total tax for the year	-	-

7 INVESTMENTS

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Cost:		
Ordinary shares	198	198
Preference shares	7,802	7,802
Accrued dividends on preference shares	2,798	1,744
	10,798	9,744

The Company has investments in ordinary shares in London Square Developments (Holdings) Limited and preference shares in LSQ HoldCo 3 Limited, both of which have the same registered office as the Company. The preference shares accrue a dividend of 12% per annum, payable on redemption of the preference shares. The Company does not hold more than 20% of the shares of either investee.

In the prior year, the Group's preference shareholders agreed to a number of changes in respect of these instruments. The preference shareholders agreed to waive £6,396,000 of dividends accrued to 30 September 2019 and reduce the rate at which dividends accrue to 10% per annum for two years until 30 September 2021. The Group has neither paid nor received any cash as a result of these changes.

LSQ MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8 BORROWINGS

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Preference shares	7,802	7,802
Accrued dividends on preference shares	2,798	1,744
	<hr/> 10,600 <hr/>	<hr/> 9,546 <hr/>

The Company has cumulative 12% preference shares issued to the directors. The preference shares carry a fixed preferential dividend at a rate of 12% per annum compounding annually on each 31 December.

In the prior year, the Group's preference shareholders agreed to a number of changes in respect of these instruments. The preference shareholders agreed to waive £6,396,000 of dividends accrued to 30 September 2019 and reduce the rate at which dividends accrue to 10% per annum for two years until 30 September 2021. The Group has neither paid nor received any cash as a result of these changes.

The directors consider the carrying amounts of borrowings to approximate to their fair value.

9 ORDINARY SHARE CAPITAL

	<u>2022</u> <u>£</u>	<u>2021</u> <u>£</u>
<i>Authorised, allotted, called up and fully</i>		
1 (2021: 1) C Ordinary Share of 0.10 pence	-	-
254,800 Ordinary Shares of 0.2 pence each	456	456
172,450 Ratchet Shares of 0.001 pence each	2	2
2,834,895 Deferred Shares of 0.2 pence each	5,670	5,670
	<hr/> 6,128 <hr/>	<hr/> 6,128 <hr/>

During the year, the Group's ordinary shareholders agreed to exchange the A and B Ordinary shares for Ordinary, Ratchet and Deferred Shares. The Group has neither paid nor received any cash as a result of these changes.

10 CONTROLLING PARTY

The Company has no controlling party.