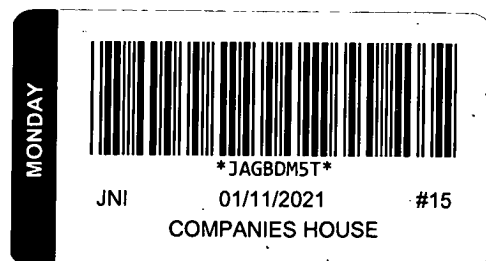
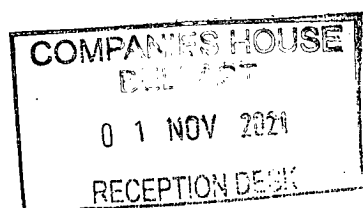


Company Registration No. 02755077 (England and Wales)

**IW Group Services (UK) Limited**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2020**



# **IW GROUP SERVICES (UK) LIMITED**

## **COMPANY INFORMATION**

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### **DIRECTOR**

N Gamble  
R Morris

(Appointed 15 May 2020)  
(Resigned 15 May 2020 and appointed  
6 August 2021)

### **COMPANY NUMBER**

02755077 (England and Wales)

### **REGISTERED OFFICE**

1 Burwood Place  
London  
W2 2UT

### **AUDITORS**

KPMG  
Chartered Accountants and Statutory Auditor  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

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# IW GROUP SERVICES (UK) LIMITED

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# IW GROUP SERVICES (UK) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The director presents the strategic report and financial statements for the year ended 31 December 2020.

#### PRINCIPAL ACTIVITY

The Company's principal activity is the provision of management services to the IWG (UK) group of companies.

#### REVIEW OF BUSINESS

The results for the Company show a profit before tax of £4,764,000 (2019: £1,806,000 loss) for the year and turnover of £35,509,000 (2019: £20,310,000).

#### PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties which could have an impact on the Company's long term performance. The Company has a risk management structure in place to identify, manage and mitigate business risks. Risk assessment and evaluation is an essential part of the planning, budgeting and forecasting cycle.

The directors have identified that the principal risks and uncertainties affecting the Company are an economic downturn in the market and exposure to movements in the property market. Further discussion of these risks and uncertainties, in the context of IWG plc group as a whole, is provided in the group's annual report which does not form part of this report.

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objectives, policies and strategies applied by the Company with respect to financial instruments are determined by IWG plc. Exposure to credit, interest rate and currency risk arise in the normal course of business. The principal financial instruments used by the Company to finance its operations are cash and loans.

#### CREDIT RISK

A diversified customer base and requirement for customer deposits and payments in advance on workstation contracts minimises the Company's exposure to customer credit risk.

Cash assets, borrowings and derivative financial instruments are only transacted with counterparties of sound credit ratings, and management does not expect any counterparty to fail to meet its obligations.

#### INTEREST RATE RISK

At 31 December 2020 there was £109,522,000 (2019: £98,667,000) of amounts on loan to parent and fellow subsidiary companies. Surplus cash balances are loaned to group companies at commercial rates of interest in order to achieve maximum interest returns.

#### FOREIGN CURRENCY RISK

The Company's exposure to currency risk at a transactional level is minimal as the majority of day to day transactions are carried out in pounds sterling.

#### DERIVATIVE FINANCIAL INSTRUMENTS

There were no derivative financial instruments outstanding at 31 December 2020 or 31 December 2019.

#### SECTION 172 (1) STATEMENT

We welcome our responsibilities to promote the success of the company in accordance with section 172 of the 2006 Companies Act.

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of the shareholders, while having due regard to matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- (a) The likely consequences of any decision in the long term
- (b) The interest of the Company's employees
- (c) The need to foster the Company's business relationships with suppliers, customers and others
- (d) The impact of the Company's operations on the community and the environment
- (e) The desirability of the Company maintaining a reputation for high standards of business conduct
- (f) The need to act fairly between members of the Company

# IW GROUP SERVICES (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **SECTION 172 (1) STATEMENT (continued)**

An explanation of how the views of stakeholders have been considered in the Board's decision making during the year is detailed below.

#### **EMPLOYEES**

We welcome our responsibilities to promote the success of the company in accordance with section 172 of the 2006 Companies Act.

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of the shareholders, while having due regard to matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- (a) The likely consequences of any decision in the long term
- (b) The interest of the Company's employees
- (c) The need to foster the Company's business relationships with suppliers, customers and others
- (d) The impact of the Company's operations on the community and the environment
- (e) The desirability of the Company maintaining a reputation for high standards of business conduct
- (f) The need to act fairly between members of the Company

An explanation of how the views of stakeholders have been considered in the Board's decision making during the year is detailed below.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Engagement with suppliers, customers and others in a business relationship with the Company**

The Company regularly interacts with suppliers to understand their view and communicate the Company's strategies and policies:

We give our customers the freedom to choose from a wide range of brands, so they can find the solution that works best for their business. We support them in our centres, from home and on the move via our app. Businesses of all sizes across the UK, seeking the flexibility, quality and value from their workspace that boosts their agility and competitiveness. They need us to understand and respond fast and with precision to their changing needs. This means providing them the flexibility to achieve rapid shifts on cost, location and scale, while providing the fabulous working environments, world-class IT and admin support they need to achieve their business goals. Customers are the reason for IWG to exist. Through customer engagement we consistently improve our global offering with ever-better property models, working environments, value, service and business solutions.

We support partners by providing established UK and multinational sales and marketing channels and comprehensive training from the outset as well as ongoing support and training from an experienced global team.

#### **Environment**

The Company recognises its corporate responsibility to carry out its operations whilst minimizing environmental impacts. With ever increasing rural and suburban locations away from city centres, we're enabling fast-growing numbers of people to work closer to home. Furthermore, with our increasing focus on enabling home-working, we're supporting thousands of workplaces across the UK. This is driving productivity for an increasingly decentralised workforce and reducing the environmental impact of the daily commute, and supporting better flexibility and mental health for workers around UK.

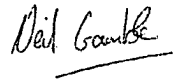
# IW GROUP SERVICES (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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On behalf of the board



N Gamble

**Director**

18 October 2021

# **IW GROUP SERVICES (UK) LIMITED**

## **DIRECTOR'S REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The director presents his report with the financial statements of the Company for year ended 31 December 2020.

#### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 10.

The total distribution of dividends for the year ended 31 December 2020 was £1,500,000 (2019: £Nil).

#### **FUTURE DEVELOPMENTS**

##### **Brexit**

Following the Brexit referendum in 2016, the UK left the EU on 31 January 2020 and entered a transition period. The transition period ended on 31 December 2020 and the UK left the EU single market and customs union. Assessing the medium to long-term implications of Brexit, the directors believe this will have no significant impact on the business.

##### **COVID-19**

Towards the end of the 2020 financial year, the Company saw signs of business improvement, including growing demand of membership and virtual office offerings. Whilst trading conditions in the first half of 2021 remain challenging with lockdown restrictions continuing across most of the UK, some parts of the Country are seeing restrictions easing and the trend seen at the end of 2020 appears set to continue. The Company will maintain a continued focus on further new-product development to support home and remote working. Demand for more flexible space will continue to grow in the post-COVID 19 world, as more companies build increasingly distributed workforces with more satellite offices and more employees working at or closer to home. The Group's decentralised global portfolio of urban and suburban workspaces in more than 1,100 towns and cities means that the business is uniquely placed to help companies everywhere adapt to new ways of working.

#### **GOING CONCERN**

The directors are cautiously optimistic about future financial performance. The Company continues to benefit from being part of the IWG plc Group, and expects to continue to drive occupancy improvements through higher enquiries and conversion levels. Costs continue to be monitored closely and will be managed at a level which ensures they remain appropriate for forecast activity levels.

#### **DIRECTOR**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

R Morris	(Resigned 15 May 2020 and appointed 6 August 2021)
N Gamble	(Appointed 15 May 2020)
SJ Wetherall	(Appointed 15 May 2020 and resigned 6 August 2021)
S Loh	(Appointed 6 February 2020 and resigned 15 May 2020)

#### **EVENTS SINCE THE END OF THE YEAR**

Assessing the medium to long-term implications of Brexit, the directors believe this will have no significant impact on the business. There were no other events since the balance sheet date that would require adjustment or disclosure in the financial statements.

# IW GROUP SERVICES (UK) LIMITED

## DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### STREAMLINED ENERGY AND CARBON REPORTING (SECR)

#### Emissions balance sheet

GHG emissions data for period 1 January 2020 to 31 December 2020

Emissions Source	UK and Offshore	
	Energy Consumption (kWh)	CO2e tonnes
Scope 1 – Natural Gas and Transport Fuel	51,049,979	9,388.8
Scope 2 - Electricity	86,889,550	20,257.4
Scope 3 – Personal Vehicles Used for Business Purposes	670,526	157.5
Total	138,610,055	29,803.7
Site Size (m2)	771,066	
Intensity Ratio: CO2e tonnes/Site Size (m2)	0.0387	

#### Change in Emissions

As this is the first year of SECR compliance, no annual comparison of emissions has been conducted. This will be reported in future years.

#### Approach

We have followed The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition), UK Government Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019) on how to measure and report greenhouse gas emissions.

#### Organisational boundary

We have used the operational control approach.

#### Operational scopes

We have measured our Scope 1, 2 and significant Scope 3 emissions.

### STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

#### Base Year

This year (2020) will be considered the base year. As this is the first year of SECR compliance, no annual comparison of emissions has been made.

#### Targets

The Company is targeting carbon-neutral status within five years. We address the challenges of climate change as they are manifested in our own operations by a concerted focus on energy, water and waste reduction and recycling initiatives. The continued reduction in energy costs to date has been achieved through a concerted effort to identify and implement energy-saving measures through a focus on energy management, centre refurbishments, centre upgrades and the closure of older, inefficient centres. These include lighting upgrades to efficient LEDs, installing automatic lighting controls, upgrading our heating, ventilation and air-conditioning (HVAC) plants and adjusting Building Management System settings. In addition, we continue to review and where appropriate implement the energy-saving opportunities identified through the UK Environment Agency's ESOS audits.

#### Intensity measurement

We have chosen 'annual carbon emissions compared with floor area' as this is the common business metric for our industry sector.

As this is the first year of compliance, no annual comparison of intensity ratio has been conducted. This will be reported in future years.

### POLITICAL CONTRIBUTIONS

The Company made no political contributions in the year ended 31 December 2020 or the year ended 31 December 2019.



# IW GROUP SERVICES (UK) LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### STATEMENT OF DIRECTOR'S 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 elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss 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 estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

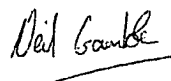
### STATEMENT OF DISCLOSURE TO AUDITOR

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office.

On behalf of the board



N Gamble

**Director**

18 October 2021



**KPMG**  
**Audit**  
The Soloist Building  
1 Lanyon Place  
Belfast BT1 3LP  
Northern Ireland

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IW GROUP SERVICES (UK) LIMITED**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of IW Group Services (UK) Limited ('the Company') for the year ended 31 December 2020 set out on pages 10 to 24, which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and *FRS 101 Reduced Disclosure Framework*.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with *FRS 101 Reduced Disclosure Framework*; and
- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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 Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IW GROUP SERVICES (UK) LIMITED (continued)**

### **Report on the audit of the financial statements (continued)**

#### ***Detecting irregularities including fraud***

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation, taxation legislation and distributable profits legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IW GROUP SERVICES (UK) LIMITED (continued)**

### **Report on the audit of the financial statements (continued)**

#### **Opinions on other matters prescribed by the Companies Act 2006**

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

#### **Respective responsibilities and restrictions on use**

##### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

##### **The purpose of our audit work and to whom we owe our responsibilities**

Our 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.

**Keith Watt (Senior Statutory Auditor)**  
**for and on behalf of KPMG, Statutory Auditor**  
**Chartered Accountants**  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

18th October 2021

# IW GROUP SERVICES (UK) LIMITED

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
<b>TURNOVER</b>	<b>2</b>	<b>35,509</b>	<b>20,310</b>
Cost of sales		(4,158)	(584)
<b>GROSS PROFIT</b>		<b>31,351</b>	<b>19,726</b>
Administrative expenses		(26,823)	(21,699)
<b>OPERATING PROFIT/(LOSS)</b>	<b>7</b>	<b>4,528</b>	<b>(1,973)</b>
Exceptional item	<b>4</b>	-	(394)
Other interest receivable and similar income	<b>5</b>	251	568
Interest payable and similar expenses	<b>6</b>	(15)	(7)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>4,764</b>	<b>(1,806)</b>
Tax on profit/(loss)	<b>8</b>	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>4,764</b>	<b>(1,806)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>4,764</b>	<b>(1,806)</b>

The notes set out on pages 13 to 24 form part of these financial statements.

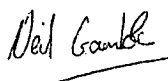
# IW GROUP SERVICES (UK) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	2	-
Tangible fixed assets	11	2,577	1,780
		<u>2,579</u>	<u>1,780</u>
<b>CURRENT ASSETS</b>			
Debtors	12	150,917	139,357
Cash at bank and in hand		1,083	2,854
		<u>152,000</u>	<u>142,211</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors	13	151,603	144,092
		<u>397</u>	<u>(1,881)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			
		<u>2,976</u>	<u>(101)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>Provisions for liabilities</b>			
Other provisions	14	-	187
		<u>2,976</u>	<u>(288)</u>
<b>NET ASSETS/(LIABILITIES)</b>			
		<u>2,976</u>	<u>(288)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	15	-	-
Profit and loss reserves		2,976	(288)
		<u>2,976</u>	<u>(288)</u>
<b>SHAREHOLDER FUNDS/(DEFICIT)</b>			
		<u>2,976</u>	<u>(288)</u>

The financial statements were approved by the board of directors and authorised for issue on 18 October 2021 and are signed on its behalf by:



N Gamble  
Director

Company Registration No. 02755077 (England and Wales)

The notes set out on pages 13 to 24 form part of these financial statements.

# IW GROUP SERVICES (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2019</b>	-	1,518	1,518
<b>Changes in equity</b>			
Total comprehensive expense for the year	-	(1,806)	(1,806)
<b>Balance at 31 December 2019</b>	-	(288)	(288)
<b>Changes in equity</b>			
Total comprehensive income for the year	-	4,764	4,764
Dividends - transactions with owners recorded directly in equity	-	(1,500)	(1,500)
<b>Balance at 31 December 2020</b>	-	2,976	2,976

The notes set out on pages 13 to 24 form part of these financial statements.

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### 1 ACCOUNTING POLICIES

#### **Company information**

IW Group Services (UK) Limited is a private company incorporated, domiciled and registered in England and Wales. The registered office is 1 Burwood Place, London, W2 2UT.

#### **Basis of preparation**

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes the amendment where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, IWG plc includes the Company in its consolidated financial statements. The consolidated financial statements of IWG plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company's website [www.iwgplc.com](http://www.iwgplc.com) or from the IWG plc registered office, 22 Grenville Street, St Helier, Jersey, JE4 8PX.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries or parents and other group companies;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosure of transactions with a management entity that provides key management personnel services to the Company;
- The effects of new but not yet effective IFRSs; and
- Certain disclosures regarding revenue.
- Certain disclosures regarding leases.

As the consolidated financial statements of IWG plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

#### **Impact of key estimates and judgements**

Management have assessed that there are no other estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

#### **Measurement convention**

The financial statements are prepared on the historical basis.



# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 ACCOUNTING POLICIES

(Continued)

#### Changes in accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has adopted the following IFRSs in these financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

Amendments to adopted IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with an effective date from 1 January 2020 did not have a material effect on the Company's financial statements, unless otherwise stated.

#### Going concern

The Company's principal activity is the provision of serviced offices and related services and future developments of the Company are set out in the Report of the Directors on page 1. The directors believe the Company's funding is likely to be sufficient to meet its day to day working capital requirements and that accordingly it is appropriate to prepare these financial statements on a going concern basis.

#### Exceptional items

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the Profit and Loss Account and results for the year. Examples of such items may include but are not limited to, significant impairments of assets, significant gains or losses on disposal of assets, loan forgiveness and litigation costs and settlements. The directors exercise judgement in assessing each particular item which, by virtue of its scale or nature, should be highlighted and disclosed in the Profit and loss Account and notes to the Financial Statements as exceptional items.

#### Turnover

The Company recognises revenue when it transfers services to a customer. It is measured based on the consideration specified in a contract with a customer. Services transfer to the customer equally over the contract period based on the time elapsed. Where discounted periods are granted to customers, service income is spread on a straight-line basis over the duration of the customer contract.

#### Workstations

Workstation revenue is recognised when the provision for the service is rendered. Amounts invoiced in advance are deferred and recognised as revenue upon provision of the service.

#### Customer service income

Service income (including the rental of meeting rooms) is recognised as services are rendered. In circumstances where the Company acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognised as revenue.

#### Management fees

Fees received for the provision of initial and subsequent services are recognised as revenue as the services are rendered. Fees charged for other services provided during the period of the agreement are recognised as revenue as the services are provided.

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 ACCOUNTING POLICIES

(Continued)

#### **Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Fixtures and fittings - straight line over 10 years or over the life of the lease if shorter

Computer equipment - straight line over 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### **Expenses**

##### **Net finance expense**

Interest charges and income are accounted for in the income statement on an accruals basis.

#### **Leases**

The nature of the Company's lease relates to the rental of commercial office real estate premises.

##### **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to short-term leases (i.e. those leases that have a lease term of 12 months or less from commencement). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as a rent expense on a straight-line basis over the lease term.

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 ACCOUNTING POLICIES

(Continued)

##### **Financial instruments**

###### *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

###### *Classification and subsequent measurement – financial assets*

Financial assets are classified as subsequently measured at amortised cost, fair value through the profit or loss or fair value through other comprehensive income (OCI). The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Financial assets (including trade and other receivables) are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Financial assets (including trade and other receivables) are measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### *Subsequent measurement and gains and losses*

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

###### *Interest bearing borrowings and other financial liabilities*

Financial liabilities, including interest bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or expired.

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in the income statement. The Company has not designated any financial liabilities at fair value through the profit or loss and it has no current intention to do so.

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 ACCOUNTING POLICIES

(Continued)

##### **Financial instruments (continued)**

###### *Impairment – financial assets*

IFRS 9 requires the Company to record expected credit losses (ECLs) on all of its financial instruments, either on a 12-month or lifetime basis. The Company applied the simplified approach to trade receivables and recorded the lifetime expected losses.

##### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised.

##### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

The terms of most building leases require the Company to make good dilapidation or other damage occurring during the rental period. Due to the nature of the business, centres are maintained to a high standard. Provisions for dilapidations are only made when the Company considers that it is likely that the premises will be vacated by the Company and it is known that a dilapidation has occurred.

##### **Employee benefits**

###### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

###### **Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 TURNOVER

All results are derived from the provision of services to the IWG (UK) group of companies and from the provision of serviced offices and related services in the United Kingdom.

### 3 EMPLOYEES AND DIRECTORS

	2020 £'000	2019 £'000
Wages and salaries	25,055	27,278
Social security costs	2,929	2,911
Pension costs	641	551
	<u>28,625</u>	<u>30,740</u>
Recharged to other UK group companies	<u>(19,865)</u>	<u>(24,028)</u>
	<u>8,760</u>	<u>6,712</u>
Included in administrative and cost of sales expenses	<u>8,760</u>	<u>6,712</u>

The average number of employees during the year was as follows:

	2020 Number	2019 Number
Operations	611	882
Sales	48	56
Administration	15	16
	<u>674</u>	<u>954</u>

IW Group Services (UK) Limited recharges payroll costs, in full, to the IWG (UK) group of companies at cost. The average number of persons employed by the Company during the year including directors, analysed by category, was as above.

	2020 £	Restated 2019 £
Directors' remuneration	629,218	761,695
Directors' pension contributions to money purchase schemes	<u>24,276</u>	<u>54,171</u>

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 EMPLOYEES AND DIRECTORS

(Continued)

Information regarding the highest paid director is as follows:

	2020 £	2019 £
Emoluments etc	349,159	629,087
Pension contributions to money purchase schemes	8,444	22,400

The individuals who were directors of the Company during the financial year, were also directors of other subsidiaries of the IWG (UK) group of companies. As it is not practicable to allocate their remuneration between services as director of each of these subsidiaries, details of N Gambles's and SJ Wetherall's remuneration are disclosed in these accounts.

### 4 Exceptional items

	2020 £'000	2019 £'000
Exceptional items	-	394

During the prior year the Company recorded the following exceptional costs:

- a provision of £73,000 against the losses in one of its managed centres Chichester, Enterprise Centre;
- £105,000 arising from the write off of intercompany balances with fellow group subsidiaries that went into liquidation during the year;
- £386,000 arising from accrued costs for fellow group subsidiaries that went into liquidation during the year;
- a provision of £490,000 for legal fees;
- £146,000 arising from the cost of professional fees paid on behalf of fellow group subsidiaries entering administration;
- £305,000 arising from balance sheet write offs; and
- £132,000 arising from legal costs incurred during the year.

In the prior year a settlement was reached during the prior year with a former cleaning and maintenance supplier which resulted in a release of excess accrued costs amounting to £1,243,000.

### 5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Interest on bank deposits	1	2
Interest receivable from group companies	250	566
	251	568

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Interest payable to group undertakings	-	5
Other interest payable	15	2
	<u>15</u>	<u>7</u>

### 7 EXPENSES AND AUDITORS' REMUNERATION

	2020 £'000	2019 £'000
Included in profit/(loss) are the following:		
Auditors' remuneration: Audit of financial statements of the Company	1	1
Auditors' remuneration: Audit of financial statements of group companies	305	342
Depreciation	30	45
Lease expense on short-term leases	56	8
Management fees	1,714	2,669
	<u>1,714</u>	<u>2,669</u>

### 8 TAXATION

#### Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Reconciliation of effective tax rate	2020 £'000	2019 £'000
Profit/(loss) before taxation	4,764	(1,806)
Tax using the UK corporation tax rate of 19%	905	(343)
Effects of:		
Expenses not deductible in determining taxable profit	193	208
Utilisation of tax losses not previously recognised	(328)	-
Group relief at nil consideration	(728)	126
Capital allowances in excess of depreciation	6	9
Disallowed interest	(48)	-
Taxation charge for the year	<u>-</u>	<u>-</u>

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 TAXATION

(Continued)

#### Factors that may affect future and total tax charges

Reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was enacted by Finance Act 2016/ This reduction of the rate of corporation tax to 17% will no longer take place, following enactment of Finance Act 2020 on 17 March 2020. The UK deferred tax liability as at 31 December 2020 has been calculated at 19%. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023 for companies with taxable profits in excess of £0.25m. This will increase the Company's future current tax charge accordingly.

The Company has accelerated capital allowances of £625,000 (decelerated capital allowances 2019: £728,000) for which no deferred tax asset has been recognised, on the basis that there is uncertainty with regard to the timing of future taxable profits.

9 DIVIDENDS	2020 £'000	2019 £'000
Final	1,500	-

### 10 INTANGIBLE ASSETS

	Goodwill £'000
<b>Cost</b>	
At 31 December 2019	-
Additions	2
At 31 December 2020	2
<b>Carrying amount</b>	
At 31 December 2020	2
At 31 December 2019	-



# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<b>COST</b>			
At 1 January 2020	2,634	710	3,344
Additions	2,488	-	2,488
Disposals	(2,131)	-	(2,131)
At 31 December 2020	2,991	710	3,701
<b>DEPRECIATION</b>			
At 1 January 2020	899	665	1,564
Charge for the year	16	14	30
Eliminated on disposal	(470)	-	(470)
At 31 December 2020	445	679	1,124
<b>NET BOOK VALUE</b>			
At 31 December 2020	2,546	31	2,577
At 31 December 2019	1,735	45	1,780

All tangible fixed assets are owned by the Company.

### 12 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	5,733	1,856
Other receivables	2,385	1,456
Corporation tax	16	16
Amounts owed by fellow group undertakings	140,111	134,934
Prepayments and accrued income	2,672	1,095
	<b>150,917</b>	<b>139,357</b>

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

# IW GROUP SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	21,347	5,116
Customer deposits	97,165	103,247
Amounts owed to fellow group undertakings	20,154	26,393
Accruals and deferred income	9,205	3,839
VAT liabilities	2,736	4,556
Social security and other taxation	688	856
Other creditors	308	85
	<u>151,603</u>	<u>144,092</u>

The intercompany loans are interest free, repayable on demand and are guaranteed by floating charges over the Company's assets, book debt, credit balances, interest in all shares, stocks, debentures, bonds, warrants, coupons or other securities and investments.

### 14 PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Other provisions	-	187
	<u>-</u>	<u>187</u>
		<b>Provisions £'000</b>
At 1 January 2020		187
Utilisation of provision		(187)
		<u>-</u>
At 31 December 2020		<u>-</u>

The terms of most building leases require the Company to make good dilapidation or other damage occurring during the rental period. Due to the nature of the business, centres are maintained to a high standard. Provision for dilapidations are only made when the Company considers that it is likely that the premises will be vacated by the Company and it is known that a dilapidation has occurred.

### 15 SHARE CAPITAL

Allotted, issued and fully paid:	2020 £	2019 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# **IW GROUP SERVICES (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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### **16 ULTIMATE PARENT COMPANY**

The Company is a wholly owned subsidiary of IWG Group Holdings S.A.R.L, a company incorporated and registered in Luxembourg.

The largest group in which the results of the Company are consolidated is that headed by IWG plc, a company incorporated in Jersey. The smallest group in which they are consolidated is that headed by IWG Global Investments Sarl incorporated, registered and domiciled in Luxembourg. The consolidated accounts of IWG plc are available to the public and may be obtained from the website [www.iwgplc.com](http://www.iwgplc.com).

### **17 EVENTS AFTER THE REPORTING PERIOD**

There were no events since the balance sheet date that would require adjustment or disclosure in the financial statements.