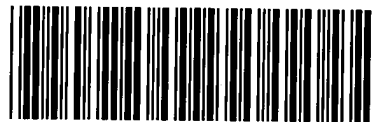


# **The Third Space Group Limited**

## **Report and Financial Statements**

31 December 2017

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COMPANIES HOUSE

**Directors**

I Mahoney

J Penny

S Shah

C Waggett

**Registered Number**

02973240

**Registered Office**

16-19 Canada Square

London

E14 5ER

**Auditor**

Ernst & Young LLP

1 More London Place

London SE1 2AF

## Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2017.

### Principal activity and review of the business

The principal activity of the Company is the provision of management services to the Third Space Holdings group of companies.

2017 was another positive year for the Company. The wider group continued to invest in various capital investment projects and in the service propositions. All these investments are based around the Group's key brand pillars:

- Positive fitness philosophy – how fitness makes you feel: confident, in control, happy
- Club not gym – broader lifestyle offering
- Best in class – to be the best in every aspect of what we do
- Personalised and simplified – to make the whole member journey personal: “taken care of”

Company turnover increased to £4.3 million up 28% on the prior year and profit for the year increased to £0.6 million.

Other key performance indicators monitored by the wider group, which in turn will impact on the level of management services required, include:

- Membership count – club membership numbers, including new member sales and leavers
- Moving annual attrition percentage – rate of turnover of members leaving
- Health and safety – monitoring the number of incidents to ensure corrective and preventative action is taken
- Member experience – measuring the level of member satisfaction

The directors are satisfied with performance against the above and the Company looks forward to a period of continued organic growth.

### Principal risks and uncertainties

#### **Price risk**

The Company is exposed to price risk due to normal inflationary pressures of goods and services in the UK only.

#### **Financial instrument risks**

In conducting its operative activities the Company engages in various types of basic financial instruments. In mitigating exposure arising from its use of financial instruments, the management team conducts an annual risk assessment of the business and manages the risks identified to proactively prevent any material and adverse risk to the company's future operating profits or financial position. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of liquidity risk.

## Strategic report (continued)

The Company is exposed to financial instruments risk from balances with related parties that arise as a result of group treasury arrangements. The Company mitigates exposure by only transacting with companies under common control who are part of the same group of which the Company is a member.

### ***Liquidity Risk***

The Company actively maintains a debt financing facility, managed at Group level, which is designed to ensure the Company has sufficient available funds for operations and planned expansions.

### ***Credit risk***

The Company has limited exposure to credit risk from customers which are fellow subsidiary companies all owned wholly by the same holding company.

Approved by the Board on 21st September 2018 and signed on its behalf by:



**Samir Shah**

Date 21st September 2018

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

### Results and dividends

The profit for the year after taxation amounted to £642,696 (2016: £477,926). The directors do not recommend a dividend (2016: £nil).

### Directors

The directors who served the company during the year and to the date of approving these financial statements for issue are stated on page 1.

### Going concern

Going concern is assessed at a group level as treasury is managed on a group basis. In preparing the Group and the Company's financial statements management has drawn up forecasts based on expected working capital requirements and expected capital projects of the Group as a whole. These indicate that the Group will have sufficient cash and operate with a satisfactory level of headroom against the covenants in its loan facilities.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months and for the foreseeable future thereafter. In reaching this conclusion the directors note that the balances due to related parties will not be called upon within the next twelve months. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual reports and financial statements.

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, the director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

MHA MacIntyre Hudson resigned as auditor on 22 November 2017 and Ernst & Young LLP was appointed in their place. A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

### Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year and since the year end.

On behalf of the Board



Samir Shah

Date 21st September 2018

## Directors' responsibilities statement

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 UK Accounting Standards 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent auditors' report

to the members of The Third Space Group Limited

## Opinion

We have audited the financial statements of The Third Space Group Limited for the year ended 31 December 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 December 2017 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.

## 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

# **Independent auditors' report (continued)**

## **to the members of The Third Space Group Limited**

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 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 strategic report and directors' report have 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 strategic report or 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

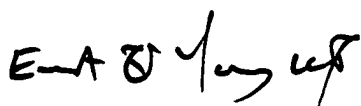


## Independent auditors' report (continued)

to the members of The Third Space Group Limited

### 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



**Zishan Nurmohamed** (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date 25/09/2018

## Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	4	4,298,417	3,371,649
Cost of sales		-	(13,538)
<b>Gross profit</b>		4,298,417	3,358,111
Administrative expenses		(3,651,571)	(2,880,185)
<b>Operating profit</b>	5	646,846	477,926
Interest payable and expenses		(4,150)	-
<b>Profit before taxation</b>		642,696	477,926
Tax	8	-	-
<b>Profit for the year</b>		642,696	477,926
Other comprehensive income		-	-
<b>Total comprehensive income</b>		642,696	477,926

Results of the current and prior years were generated from continuing operations.

## Balance sheet

at 31 December 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	9		48,075		13,758
Investments	10		<u>8,564,500</u>		<u>8,564,500</u>
			8,612,575		8,578,258
<b>Current assets</b>					
Debtors	11	<u>3,940,760</u>		<u>2,347,072</u>	
		3,940,760		2,347,072	
<b>Creditors:</b> amounts falling due within one year	12	<u>(4,132,260)</u>		<u>(3,146,951)</u>	
<b>Net current liabilities</b>			<u>(191,500)</u>		<u>(799,879)</u>
<b>Total assets less current liabilities</b>			8,421,075		7,778,379
<b>Net assets</b>			<u>8,421,075</u>		<u>7,778,379</u>
<b>Capital and reserves</b>					
Called up share capital	13		365,388		365,388
Share premium account			6,187,760		6,187,760
Capital redemption reserve			40,399		40,399
Profit and loss account			<u>1,827,528</u>		<u>1,184,832</u>
<b>Shareholders' funds</b>			<u>8,421,075</u>		<u>7,778,379</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21st September 2018



Samir Shah  
Director

## Statement of Changes in Equity

for the year ended 31 December 2017

	<i>Called up share capital</i> £	<i>Share premium account</i> £	<i>Capital redemption reserve</i> £	<i>Profit and loss account</i> £	<i>Total equity</i> £
At 1 January 2016	365,388	6,187,760	40,399	706,906	7,300,453
Profit for the year	-	-	-	477,926	477,926
<b>At 31 December 2016</b>	<b>365,388</b>	<b>6,187,760</b>	<b>40,399</b>	<b>1,184,832</b>	<b>7,778,379</b>
Profit for the year	-	-	-	642,696	642,696
<b>At 31 December 2017</b>	<b>365,388</b>	<b>6,187,760</b>	<b>40,399</b>	<b>1,827,528</b>	<b>8,421,075</b>

## Notes to the financial statements

at 31 December 2017

### 1. General information

The Third Space Group Limited is a private company limited by shares incorporated in England and Wales, registration number 02973240.

The address of its registered office is 16-19 Canada Square, London, E14 5ER.

### 2. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### *Financial reporting standard 102 – reduced disclosure exemptions*

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- the requirement of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirement of Section 4 Statement of Financial Position paragraph 4.12 (a) (iv);
- the requirement of Section 7 Cash Flows;
- the requirement of Section 11 Financial Instruments paragraphs 11.41(b), 11.41 (c), 11.41 (e), 11.41 (f), 11.42, 11.44, 11.45, 11.47, 11.48 (a)(iii), 11.48(a)(iv), 11.48 (b), and 11.48 (c);
- the requirement of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29 (a), 12.29 (b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Gordons96 Limited for the year ended 31 December 2017 and these financial statements may be obtained from Companies House.

#### *Going concern*

Going concern is assessed at a group level as treasury is managed on a group basis. In preparing the Group and the Company's financial statements management has drawn up forecasts based on expected working capital requirements and expected capital projects of the Group as a whole. These indicate that the Group will have sufficient cash and operate with a satisfactory level of headroom against the covenants in its loan facilities.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months and for the foreseeable future thereafter. In reaching this conclusion the directors note that the balances due to related parties will not be called upon within the next twelve months. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual reports and financial statements.

## Notes to the financial statements

at 31 December 2017

### 2. Accounting policies (continued)

#### *Turnover*

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### *Rendering of services*

Revenue from the rendering of services represents income from management charges and are recognised as services are provided.

#### *Tangible fixed assets*

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Computer equipment – 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

#### *Investments*

Investments in subsidiaries are measured at cost less any accumulated impairment.

#### *Impairment*

At each reporting date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised in the statement of comprehensive income.

#### *Debtors*

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

## Notes to the financial statements

at 31 December 2017

### 2. Accounting policies (continued)

#### *Cash and cash equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### *Creditors*

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### *Pensions*

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Group Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

#### *Provisions for liabilities*

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

at 31 December 2017

### 3. Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key judgement as determined by the directors is:

#### *Useful economic lives of non-current assets*

The annual depreciation and amortisation charges for non-current assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The assessment of useful economic lives and residual values is determined to be a critical accounting judgement and is re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancements, future investments, economic utilisation and the physical condition of the assets. Tangible fixed assets are set-out in note 9 and Fixed asset investments are set out in note 10.

### 4. Turnover

An analysis of turnover by class of business is given below:

	2017 £	2016 £
Management fees	<u>4,298,417</u>	<u>3,371,649</u>

All turnover arose within the United Kingdom.

### 5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	5,851	233
Auditor's remuneration	<u>80,500</u>	<u>77,500</u>

During the year the company paid audit fees of £80,500 (2016: £77,500) on behalf of the Group. In addition, the company paid fees of £30,000 to the auditor for non-audit services, principally comprising tax advisory and tax compliance.



## Notes to the financial statements

at 31 December 2017

### 6. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,884,761	1,646,721
Social security costs	170,334	136,380
Pension contributions	35,427	24,488
	<u>2,090,522</u>	<u>1,807,589</u>

The average monthly number of employees, excluding the directors, during the year was as follows:

	No.	No.
Administration	21	16
Management	4	4
	<u>25</u>	<u>20</u>

### 7. Directors' remuneration

The directors are also directors of a fellow group undertakings, the directors' emoluments and pension contribution are in respect of services to the Group of which the Company is a member.

It is not possible to identify the proportion of these emoluments that relate to services to this company.

	2017 £	2016 £
Directors' emoluments	605,090	525,250
Company contributions to defined contribution pension schemes	17,000	5,667
	<u>622,090</u>	<u>530,917</u>

During the year retirement benefits were accruing to 2 directors (2016: 2) in respect of defined contributions.

The highest paid director received remuneration of £204,078 (2016: £180,250).

No pension contributions were made in respect of the highest paid director (2016: £Nil).

## Notes to the financial statements

at 31 December 2017

### 8. Tax

#### (a) Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows:

	2017	2016
	£	£
<b>Corporation tax:</b>		
Current tax on profit for the year	-	-
<b>Taxation on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

#### (b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before tax	<u>642,696</u>	<u>477,296</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	123,719	95,585
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	-	(890)
Expenses not deductible	14,559	-
Rate change adjustments	1,510	4,735
Movement on unprovided deferred tax	(139,788)	
Utilisation of tax losses	-	(99,430)
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

#### (c) Deferred tax

The company has an unprovided deferred tax provision of £18,000 (2016: £144,000) in respect of historic tax losses. These tax losses are not recognised due to uncertainty over their recoverability.

#### (d) Factors that may affect future tax charges

The Finance Act 2016, which was enacted on 15 September 2016 included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017, resulting in a blended current tax rate of 19.25% for the period. A further reduction in the UK corporation tax rate to 17% from 1 April 2020 was also included in the Finance Act 2016 and consequently deferred tax has been recognised at a rate of 17%.

## Notes to the financial statements

at 31 December 2017

### 9. Tangible fixed assets

	<i>Computer equipment</i> £
<b>Cost or valuation:</b>	
At 1 January 2017	13,991
Additions	40,168
<b>At 31 December 2017</b>	<b>54,159</b>
<b>Depreciation:</b>	
At 1 January 2017	233
Charge for the year	5,851
<b>At 31 December 2017</b>	<b>6,084</b>
<b>Net book value:</b>	
<b>At 31 December 2017</b>	<b>48,075</b>
At 1 January 2017	13,758

### 10. Fixed asset investments

	<i>Investments in subsidiary companies</i> £
<b>Cost or valuation:</b>	
At 1 January 2017	18,694,480
Additions	-
<b>At 31 December 2017</b>	<b>18,694,480</b>
<b>Impairment:</b>	
At 1 January 2017	10,129,980
Additions	-
<b>At 31 December 2017</b>	<b>10,129,980</b>
<b>Net book value:</b>	
<b>At 31 December 2017</b>	<b>8,564,500</b>
At 1 January 2017	8,564,500

## Notes to the financial statements

at 31 December 2017

### 10. Fixed asset investments (continued)

The following were subsidiary undertakings of the Company:

Name	Principal activity
TTS Properties Limited	Letting of property
TTS Soho Limited	Holding of trademarks
Quantum Leap Health and Fitness Limited	Health and fitness centre operator
The Third Space Medicine Limited	Medical services (operations wound down during 2017)
Third Space Properties (Soho) Limited	Dormant

The Company owns 100% of the issued share capital of the above subsidiaries, which are all registered in England and Wales.

### 11. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	3,925,601	2,346,017
Prepayments and accrued income	15,159	1,055
	<u>3,940,760</u>	<u>2,347,072</u>

### 12. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	38,864	20,232
Amounts owed to group undertakings	3,994,754	3,091,400
Other taxation and social security	65,839	32,919
Accruals and deferred income	32,803	2,400
	<u>4,132,260</u>	<u>3,146,951</u>

### 13. Issued share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
12,179,600 Ordinary shares of £0.03 each	365,388	365,388
	<u>365,388</u>	<u>365,388</u>

### 14. Related party transactions

In accordance with the exemption under Section 33 of Financial Reporting Standard 102, the company does not disclose transactions with other wholly-owned companies within the Encore VIII group.

## Notes to the financial statements

at 31 December 2017

### 15. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is TTS Loans Limited.

The parent undertaking of the smallest group for which consolidated financial statements are drawn up that include the results of the Company is Third Space Holdings Limited, incorporated in England and Wales. The parent undertaking of the largest group for which consolidated financial statements are drawn up that include the results of the Company is Gordons96 Limited, incorporated in England and Wales. Copies of these group financial statements are available from Companies House.

The directors consider the ultimate parent and controlling party of the Company to be Encore VIII Limited.