

**Workspace Holdings Limited**

**Company registration number - 03729646**

**Annual report and financial statements**

**For the year ended 31 March 2022**



# Workspace Holdings Limited

## Directors' Report for the year ended 31 March 2022

The Directors present their report and the audited financial statements of Workspace Holdings Limited (the 'Company') for the year ended 31 March 2022.

### Principal activities

Workspace Holdings Limited is a UK incorporated and domiciled intermediate holding company. At the year end it did not hold any investments.

The Company is a wholly owned subsidiary of Workspace Group PLC and a member of a Group Real Estate Investment Trust (REIT) whereby no tax is payable on the Group's property rental business.

### Results and dividends

The Company's profit before taxation for the year to 31 March 2022 is £103,364 (2021: profit of £125,006).

An interim dividend of £nil was paid during the year (2021: £nil).

The Directors do not recommend a final dividend for the financial year (2021: £nil).

The Company derives its income and profit from a loan to its Parent Company. The Directors believe that the Parent Company will be able to meet its interest obligations to the Company, and therefore the assessment of the Company as a going concern is considered appropriate.

### Future developments

The Directors are reviewing the future activities of the Company and do not intend to liquidate the Company in the foreseeable future.

### Directors

The following Directors served during the financial year and up to the date of signing these financial statements:

G C Clemett  
D N Benson

### Financial risk management

The Company is part of Workspace Group PLC (the "Group"). Risk is managed on a Group basis. The Risk Committee of the Group is responsible for the Group's risk management framework. This comprises identifying and evaluating the risks that the Group faces and ensuring that appropriate controls and processes are in place to manage these risks. It also comprises responsibility for the oversight of the risk management process. An important part of the Group's risk management framework is to have documented policies and procedures in place.

The Directors of the Company are responsible for ensuring that the Company complies with the Group's risk management framework. Assurance as to the effectiveness of, and compliance with, the risk management framework and internal controls is provided by the Group's risk management functions. The Directors consider its risk management framework is appropriate for a company of its size and complexity.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including 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 the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explaining 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 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, 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.

## **Workspace Holdings Limited**

### **Directors' Report for the year ended 31 March 2022 (continued)**

#### **Directors' indemnities**

As permitted by the Parent Company's Articles of Association, the Directors have the benefit of an indemnity provision which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

#### **Statement of Disclosure of information to auditors**

In accordance with section 418 of the Companies Act 2006, the Directors who held office at the date of approval of this report confirm that, so far as they are aware there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

#### **Independent auditors**

For the year ended 31 March 2022, KPMG LLP were reappointed as auditor of Workspace Group PLC and its subsidiaries, including Workspace Holdings Limited.

#### **Small companies provision statement**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board:



C Carfora  
Company Secretary

8 November 2022

## Workspace Holdings Limited

### Independent auditor's report to the members of Workspace Holdings Limited

#### Opinion

We have audited the financial statements of Workspace Holdings Limited ("the Company") for the year ended 31 March 2022 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 101 "Reduced Disclosure Framework"; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### 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.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

## Workspace Holdings Limited

### Independent auditor's report to the members of Workspace Holdings Limited (continued)

#### Fraud and breaches of laws and regulations – ability to detect

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is straightforward and earned in the form of interest receivable from a loan to the Parent Company and can be easily traced to the intercompany matrix.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

- Evaluated the business purpose of significant unusual transactions.

##### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

##### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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 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 remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

# **Workspace Holdings Limited**

## **Independent auditor's report to the members of Workspace Holdings Limited (continued)**

### **Directors' report**

The Directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report 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 Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on pages 1-2, the Directors are responsible for: the preparation of the financial statements and for 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**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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**

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.

**Richard Kelly (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

8 November 2022

## Workspace Holdings Limited

### Profit and loss account and other comprehensive income for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Interest receivable and similar income	2	103,364	125,006
Profit before taxation	3	103,364	125,006
Tax on profit	5	(9,615)	-
<b>Profit and total comprehensive income for the financial year</b>		<b>93,749</b>	<b>125,006</b>

All amounts above relate to continuing operations.

There was no other comprehensive income, other than the profit for the financial year.

The notes on pages 9 to 12 form part of these financial statements.

## Workspace Holdings Limited

### Balance sheet as at 31 March 2022

	Note	2022 £	2021 £
<b>Current assets</b>			
Debtors	6	3,649,561	3,546,197
<b>Current liabilities</b>			
Creditors	7	(9,615)	-
<b>Net current assets</b>		<b>3,639,946</b>	<b>3,546,197</b>
<b>Total assets less current liabilities</b>		<b>3,639,946</b>	<b>3,546,197</b>
<b>Net assets</b>		<b>3,639,946</b>	<b>3,546,197</b>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Profit and loss account		3,639,944	3,546,195
<b>Total shareholders' funds</b>		<b>3,639,946</b>	<b>3,546,197</b>

The notes on pages 9 to 12 form part of these financial statements.

The financial statements on pages 6 to 12 were approved by the Board on 8 November 2022 and signed on its behalf by:



**D N Benson**  
Director

Workspace Holdings Limited

Company registration number - 03729646



## Workspace Holdings Limited

### Statement of changes in equity for the year ended 31 March 2022

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance at 31 March 2020	2	3,421,189	3,421,191
Profit for the financial year	-	125,006	125,006
Balance at 31 March 2021	2	3,546,195	3,546,197
Profit for the financial year	-	93,749	93,749
Balance at 31 March 2022	2	3,639,944	3,639,946

The notes on pages 9 to 12 form part of these financial statements.

# Workspace Holdings Limited

## Notes to the financial statements for the year ended 31 March 2022

### 1 Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006.

In preparing the financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 101:

- a) The requirements of IAS 7 to provide a Statement of cash flows and related notes for the year;
- b) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- c) The requirements of IAS 1 to disclose information on the management of capital;
- d) The requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to disclose new IFRS's that have been issued but are not yet effective;
- e) The requirements of paragraph 17 and 18a of IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- f) The requirements of IFRS 7 on "Financial Instruments: Disclosures";

The above disclosure exemptions are allowed because equivalent disclosures are included in the Group consolidated financial statements of Workspace Group PLC into which the Company is consolidated.

#### (b) Significant judgements, key assumptions and estimates

The preparation of financial statements in conformity with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006 requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Not all of these accounting policies require management to make subjective or complex judgements. Management do not consider there to be any significant judgements within the accounting policies applied in the Company's financial statements.

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

#### (c) Going concern

Whilst the impact of Covid-19 on the Group has reduced in the last 12 months, the war in Ukraine, current high levels of inflation and higher interest rate environment means there is an increased risk of an economic downturn.

We have modelled a number of different scenarios considering a period of 12 months from the date of signing of these financial statements. These scenarios include a severe, but realistically possible, downside scenario which includes the following key assumptions:

- A stalling of the UK economy, with low levels of GDP growth and inflationary pressure, resulting in a reduction in customer demand over the next two years, compared to current levels.
- Like-for-like occupancy reduces by c.5% to 85% over the next two years, with associated increase in void costs and downward pressure on pricing of new lettings.
- New lettings at below the average price per sq. ft. of vacating customers resulting in an overall reduction in average rent per sq. ft.
- Increase in counterparty risk, with bad debt significantly higher than pre-pandemic levels.
- Higher levels of cost inflation.
- Higher interest rate environment resulting in an increase in the cost of variable rate borrowings.

The Directors fully considered the principal risks of the Company and how they may impact the model. Further details of the principal risks and how they are impacted by Covid-19 can be found in the Group's Annual Report.

For the year ended 31 March 2022, the Company had profit after taxation of £93,749 (2021: £125,006) and net assets totalling £3,639,946 (2021: £3,546,197).

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due or at least one year after these financial statements are signed and therefore have prepared the financial statements on a going concern basis.

## Workspace Holdings Limited

### Notes to the financial statements for the year ended 31 March 2022 (continued)

**(d) Trade and other debtors**

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on the individual occupiers' circumstance. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

**(e) Trade and other creditors**

Trade and other creditors are initially recognised at fair value and subsequently held at amortised cost.

**(f) Interest receivable**

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

**(g) Taxation**

Corporation tax payable is provided on taxable profits at the current rate. 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 respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

**2 Interest receivable and similar income**

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Interest receivable on loan to Parent Company	103,364	125,006
	<b>103,364</b>	<b>125,006</b>

Interest receivable on the loan with the Parent Company is on an arm's length basis at an average rate of 3.0% (2021: 3.7%).

**3 Profit before taxation**

Auditor's remuneration (audit services only) has been borne by a fellow subsidiary. This amounted to £1,490 (2021: £1,460).

The Company has no employees (2021: none).

**4 Directors' emoluments**

The emoluments of the Directors are paid by other Group companies which makes no recharge to the Company. The Directors are also Directors of the other Group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of the other Group companies.

## Workspace Holdings Limited

### Notes to the financial statements for the year ended 31 March 2022 (continued)

#### 5 Tax on profit

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
<b>Current tax:</b>		
UK corporation tax on profit for the financial year	9,615	-
<b>Tax on profit</b>	<b>9,615</b>	<b>-</b>

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
<b>Profit before taxation</b>	<b>103,364</b>	<b>125,006</b>
Profit before taxation at standard rate of corporation tax in the UK of 19% (2021: 19%)	19,639	23,751
Utilisation of losses	(10,024)	(23,751)
<b>Total tax on profit</b>	<b>9,615</b>	<b>-</b>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

The remaining unutilised amount of losses as at 31 March 2022 was £nil (2021: £52,759).

#### 6 Debtors

	2022	2021
	£	£
Amounts owed by Group undertakings (Parent Company)	3,546,197	3,421,191
Amounts owed by Group undertakings (fellow subsidiaries)	103,364	125,006
	<b>3,649,561</b>	<b>3,546,197</b>

Amounts owed by Group undertakings are unsecured and repayable on demand. Amounts owed by the Parent Company is a loan and is subject to interest at an average rate of 3.0% (2021: 3.7%). All other amounts are interest free.

#### 7 Creditors

	2022	2021
	£	£
Corporation tax payable	9,615	-
	<b>9,615</b>	<b>-</b>

#### 8 Called up share capital

	2022	2021
	£	£
Allotted and fully paid:		
2 (2021: 2) ordinary shares of £1 each	2	2

## **Workspace Holdings Limited**

### **Notes to the financial statements for the year ended 31 March 2022 (continued)**

#### **9 Ultimate Parent Company**

The ultimate and immediate Parent Company and ultimate controlling party is Workspace Group PLC, a company incorporated in the UK and registered in England and Wales, which heads the smallest and largest group to consolidate these financial statements. The Registered Office of the ultimate Parent Company is the same as that of the Company which is Canterbury Court, Kennington Park, 1-3 Brixton Road, London, SW9 6DE. Copies of the consolidated financial statements which are reported under IFRS ("International Financial Reporting Standards") and incorporate the results of the Company may be obtained from our website ([www.workspace.co.uk](http://www.workspace.co.uk)).

#### **10 Related party transactions**

The Company has taken advantage of the disclosure exemption under FRS 101 not to disclose related transactions between wholly owned group undertakings, which would otherwise qualify as related parties (IAS 24 "Related Party Disclosures"). The Company had no other transactions with related parties during either year.