

Registered number: 04055091

# **TTS Properties Limited**

## **Report and Financial Statements**

31 December 2021

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COMPANIES HOUSE

## TTS Properties Limited

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### **Directors**

I Mahoney (resigned 23 July 2021)

J Penny

S Shah

C Waggett

### **Registered Number**

04055091

### **Registered Office**

16-19 Canada Square

London

E14 5ER

### **Auditor**

Ernst & Young LLP

1 More London Place

London SE1 2AF

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2021.

The principal activity of the Company is acting as a landlord.

### Results and dividends

The profit for the year after taxation amounted to £245,324 (2020: loss of £1,132,412 (Restated)). The directors do not recommend a dividend (2020: £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

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

The Company is dependent on an intermediate parent, Marlin Holdco Limited, for support, further detail on parent undertakings is provided in Note 17 to the financial statements. Treasury and cash flow is managed on a group basis within the Marlin Holdco Limited group. The Directors therefore consider it is appropriate to perform their going concern assessment at group level in order to conclude whether the parent can provide sufficient support.

Whilst the start of the period being reported on within these financial statements was greatly impacted by the COVID-19 pandemic, as we look forward the ongoing influence on the trading environment appears to be behind us. It seems unlikely that the UK Government will introduce new restrictions such as lockdowns and social distancing again.

The business had a strong return of membership levels on re-opening in April 2021, and, with a short term exception during December 2021 and January 2022 due to the Omicron variant, had a continued recovery in this base each month since. This has resulted in the business being able to deliver positive trading EBITDA for each full calendar month it has been open.

The Directors remain confident, based on the rate of new joiner sales that the recovery in the membership base will continue throughout the rest of 2022 and in to 2023. This confidence extends to the belief in the fundamental strength of the business model, and the substantial opportunities that exist for the future of the business and the health and fitness market as a whole.

The Directors' have prepared cashflow forecasts for the purposes of assessing going concern and in doing so, have factored in downside sensitivities. These assess the expected trading, working capital requirements, capital projects and financing of the company for the period from the approval of these financial statements to 31 December 2023. This assessment also takes in to account the measures available to the Group to preserve cash and reduce discretionary expenditure.

The Company has net current liabilities and has received confirmation of parental support.

The Directors confirm that they have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence from the date of approval of these financial statements to 31 December 2023. This period has been chosen as it coincides with our annual long term planning cycles. This is especially the case given the change of shareholding on 23 July 2021, as described further in Note 17.

## Directors' report (continued)

### Going concern (continued)

As part of the change in shareholding, all third party banking debt was repaid and if required, new funding is available to the business by its new owners. Existing shareholder debt is not due for repayment within the going concern period. The Directors are therefore confident that it is appropriate to prepare these financial statements on a going concern basis.

These financial statements do not include the adjustments that would result if the Company, or the Group, were unable to continue as a going concern.

### Change in controlling party

On 23 July 2021, the Group was acquired by an investment fund managed by KSL Capital Partners LLC, a private equity firm specialising in travel and leisure enterprises, through Marlin BidCo Limited, a vehicle incorporated to facilitate the transaction. The Company's ultimate controlling party changed as a result of this transaction to Steele Offshore GP LLP. Prior to 23 July 2021, the Company's controlling party was Encore Capital VIII Limited as explained in note 17.

### 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 directors have taken all the steps they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

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.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the Board



Samir Shah

Director

Date

15 August 2022

## 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 company and of the 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 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TTS PROPERTIES LIMITED

### Opinion

We have audited the financial statements of TTS Properties Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and the related notes 1 to 18, 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 2021 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 December 2023 or 16 months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is explained below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

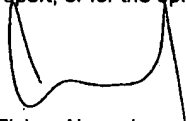
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, the Streamline Energy and Carbon Regulations, the Companies (Miscellaneous Reporting) Regulation and relevant health and safety, anti-bribery, anti-money laundering, privacy and tax laws and regulations.
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, discussions with those charged with governance as well as consideration of the results of our audit procedures across the wider group of which the Company is a member and we did not identify any contradictory evidence.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. We read board minutes to identify non-compliance with laws and regulations, and we read significant contracts and agreements impacting the Company in the financial period.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by determining the manipulation of revenue to be a fraud risk. We also considered performance targets and their influence on efforts made by management to manage earnings. We considered the programmes and controls that the Company and the wider group of which it is a member has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls.
- We incorporated data analytics into our testing of the source of entries within revenue and tested specific transactions to determine the completeness and occurrence of revenue. Our procedures also involved testing journal entries identified by specific risk criteria. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

17/08/2022

## Statement of Comprehensive Income

for the year ended 31 December 2021

		2021	2020
		£	Restated £
Notes			
	4	692,459	261,823
Turnover			
Administrative expenses		(427,005)	(583,011)
Exceptional item	18	-	(984,695)
Operating profit / (loss)	5	265,454	(1,305,883)
Interest payable and similar charges		(3,501)	(24,000)
Profit / (loss) before taxation		261,953	(1,329,883)
Tax	9	(16,629)	197,471
Profit / (loss) for the year		245,324	(1,132,412)
Other comprehensive income		-	-
Total comprehensive income		245,324	(1,132,412)

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

**Balance Sheet**

at 31 December 2021

		2021	2020 Restated
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	10	-	-
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	439,294	455,923
Debtors: amounts falling due within one year	11	<u>1,686,300</u>	<u>2,185,545</u>
		2,125,594	2,641,468
Creditors: amounts falling due within one year	12	<u>(2,191,575)</u>	<u>(2,792,773)</u>
<b>Net current liabilities</b>		<u>(65,981)</u>	<u>(151,305)</u>
<b>Total assets less current liabilities</b>		<u>(65,981)</u>	<u>(151,305)</u>
<b>Provisions for liabilities</b>			
Other	13	-	(160,000)
<b>Net liabilities</b>		<u>(65,981)</u>	<u>(311,305)</u>
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Profit and loss account		<u>(65,983)</u>	<u>(311,307)</u>
<b>Shareholders' funds</b>		<u>(65,981)</u>	<u>(311,305)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 August 2022



Samir Shah  
Director

## Statement of Changes in Equity

for the year ended 31 December 2021

	<i>Called up share capital</i> £	<i>Profit and loss account</i> £	<i>Total equity</i> £
At 1 January 2020 (previously reported)	2	821,105	821,107
Loss for the year (previously reported)	-	(288,805)	(288,805)
Impact of prior year adjustment (note 18)	-	(843,607)	(843,607)
Loss for the year (restated)	-	(1,132,412)	(1,132,412)
Other comprehensive income	-	-	-
Total comprehensive income (restated)	-	(1,132,412)	(1,132,412)
At 31 December 2020	2	(311,307)	(311,305)
Profit for the year	-	245,324	245,324
Other comprehensive income	-	-	-
Total comprehensive income	-	245,324	245,324
At 31 December 2021	2	(65,983)	(65,981)

## Notes to the financial statements

at 31 December 2021

### 1. General information

TTS Properties Limited is a private company limited by shares and incorporated in England and Wales, with registration number 04055091.

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

The principal activity of the Company during the year was acting as a landlord.

### 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, applied in the context of the small companies regime.

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

#### *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 Third Space Holdings Limited for the year ended 31 December 2021 and these financial statements may be obtained from Companies House.

The following principal accounting policies have been applied:

#### *Going concern*

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

The Company is dependent on an intermediate parent, Marlin Holdco Limited, for support, further detail on parent undertakings is provided in Note 17 to the financial statements. Treasury and cash flow is managed on a group basis within the Marlin Holdco Limited group. The Directors therefore consider it is appropriate to perform their going concern assessment at group level in order to conclude whether the parent can provide sufficient support.

Whilst the start of the period being reported on within these financial statements was greatly impacted by the COVID-19 pandemic, as we look forward the ongoing influence on the trading environment appears to be behind us. It seems unlikely that the UK Government will introduce new restrictions such as lockdowns and social distancing again.

## Notes to the financial statements

at 31 December 2021

### 2. Accounting policies (continued)

#### *Going concern (continued)*

The business had a strong return of membership levels on re-opening in April 2021, and, with a short term exception during December 2021 and January 2022 due to the Omicron variant, had a continued recovery in this base each month since. This has resulted in the business being able to deliver positive trading (EBITDA) for each full calendar month it has been open.

The Directors remain confident, based on the rate of new joiner sales that the recovery in the membership base will continue throughout the rest of 2022 and in to 2023. This confidence extends to the belief in the fundamental strength of the business model, and the substantial opportunities that exist for the future of the business and the health and fitness market as a whole.

The Directors' have prepared cashflow forecasts for the purposes of assessing going concern and in doing so, have factored in downside sensitivities. These assess the expected trading, working capital requirements, capital projects and financing of the company for the period from the approval of these financial statements to 31 December 2023. This assessment also takes in to account the measures available to the Group to preserve cash and reduce discretionary expenditure.

The Company has net current liabilities and has received confirmation of parental support.

The Directors confirm that they have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence from the date of approval of these financial statements to 31 December 2023. This period has been chosen as it coincides with our annual long term planning cycles. This is especially the case given the change of shareholding on 23 July 2021, as described further in Note 17.

As part of the change in shareholding, all third party banking debt was repaid and if required, new funding is available to the business by its new owners. Existing shareholder debt is not due for repayment within the going concern period. The Directors are therefore confident that it is appropriate to prepare these financial statements on a going concern basis.

These financial statements do not include the adjustments that would result if the Company, or the Group, were unable to continue as a going concern.

#### *Turnover*

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 provision of services represents rent receivable and is recognised on a straight-line basis over the term of the underlying lease.

## Notes to the financial statements

at 31 December 2021

### 2. Accounting policies (continued)

#### *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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

The estimated useful lives range as follows:

Long term leasehold property – Over the duration of the lease

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.

#### *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.

#### *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.

## Notes to the financial statements

at 31 December 2021

### 2. Accounting policies (continued)

#### *Finance costs*

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *Operating leases*

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### *Pensions*

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

The contributions are recognised as an expense in the 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 Company 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 2021

### 2. Accounting policies (continued)

#### *Exceptional Items*

The Group identifies an item of expense or income as exceptional when, in management's judgement, the underlying event giving rise to the exceptional item is deemed to be non-recurring in its nature, size or incidence such that the Group results would be distorted without specific reference to the event in question.

### 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, including the impact of any impairment. 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 10.

### 4. Turnover

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
Rent receivable	692,459	261,823

All turnover arose within the United Kingdom.

### 5. Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2021 £	2020 <i>Restated</i> £
Depreciation of tangible fixed assets	-	89,335
Exceptional item (note 18)	-	984,695
Operating lease rentals	408,876	273,546

The exceptional item relates to a write-down of fixed assets that were no longer in existence at the balance sheet date.

## Notes to the financial statements

at 31 December 2021

### 6. Employees

The Company has no employees other than directors.

### 7. Directors' emoluments

No remuneration was paid or is payable to the directors in their capacity as directors of the Company (2020: £Nil). The directors were paid by a fellow group undertaking who paid the directors emoluments and pension contribution of £607,533 (2020: £582,943) 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.

Amounts paid on a group basis are summarised below:

	2021 £	2020 £
Directors' emoluments	590,998	567,795
Company contributions to defined contribution pension schemes	16,535	15,148
	<u>607,533</u>	<u>582,943</u>

During the year retirement benefits were accruing to 3 directors (2020: 3) in respect of defined contributions.

The highest paid director received remuneration of £280,812 (2020: £237,633).

No pension contributions were made in respect of the highest paid director (2020: £Nil).

### 8. Interest payable and similar charges

	2021 £	2020 £
Other loan interest payable	<u>3,501</u>	<u>24,000</u>

## Notes to the financial statements

at 31 December 2021

### 9. Tax

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

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

	2021	Restated 2020
	£	£
<b>Corporation tax:</b>		
Current tax on profit for the year	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	49,771	(202,500)
Rate change adjustment	(33,142)	5,029
<b>Total deferred tax</b>	16,629	(197,471)
<b>Taxation on profit on ordinary activities</b>	16,629	(197,471)

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

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	Restated 2020
	£	£
(Loss)/profit on ordinary activities before tax	261,953	(1,329,883)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	49,711	(252,678)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	50,178
Rate change adjustment	(33,142)	5,029
<b>Total tax credit for the year</b>	16,629	(197,471)

Included within the FY20 tax reconciliation is £141,088 in respect of the exceptional cost explained in note 18. This resulted in an increase to the deferred tax assets of the same amount.

## Notes to the financial statements

at 31 December 2021

### 9. Tax (continued)

#### (c) Deferred tax

	2021 £	2020 £
At 1 January	(154,723)	42,748
Charged to profit or loss	16,629	(197,471)
At 31 December	<u>(138,094)</u>	<u>(154,723)</u>

The deferred tax asset is made up of the following:

	2021 £	2020 £
Fixed asset timing differences	(86,449)	(65,701)
Short term timing difference – trading	-	(30,400)
Tax losses	(51,645)	(58,622)
	<u>(138,094)</u>	<u>(154,723)</u>

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

An increase in the UK Corporation tax rate to 25% from 1 April 2023 was substantively enacted by the 2021 Finance Bill in March 2021. This has led to the remeasurement of deferred tax balances.

### 10. Tangible fixed assets

	<i>Long term leasehold property</i> £
<b>Cost:</b>	
At 31 December 2020 (as previously reported)	1,542,753
Prior year adjustment	<u>(1,542,753)</u>
At 31 December 2020 (restated) and 31 December 2021	<u>-</u>
<b>Depreciation:</b>	
At 1 January 2020	558,058
Prior year adjustment	<u>(558,058)</u>
At 31 December 2020 (restated) and 31 December 2021	<u>-</u>
<b>Net book value:</b>	
At 31 December 2020 (restated) and 31 December 2021	<u>-</u>

## Notes to the financial statements

at 31 December 2021

### 11. Debtors

	2021 £	2020 £
<b>Due after more than one year</b>		
Other debtors	301,200	301,200
Deferred tax	138,094	154,723
	<u>439,294</u>	<u>455,923</u>
<b>Due within one year</b>		
Amounts owed by group undertakings	1,333,173	1,521,803
Other debtors	35,222	46,069
Prepayments and accrued income	317,905	617,673
	<u>1,686,300</u>	<u>2,185,545</u>

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

	2021 £	2020 £
Other loans	43,619	43,619
Trade creditors	1,406,169	990,261
Amounts owed to group undertakings	-	1,460,965
Taxation and social security	43,235	
Accruals and deferred income	698,552	297,928
	<u>2,191,575</u>	<u>2,792,773</u>

Other loans are repayable in equal quarterly instalments of £43,500, resulting in an effective interest rate of 5.2% on the initial sum.

### 13. Provisions

	<i>Dilapidation</i> £
At 1 January 2021	160,000
Released in the year	(160,000)
At 31 December 2021	<u>-</u>

## Notes to the financial statements

at 31 December 2021

### 14. Issued share capital

	2021	2020
<i>Allotted, called up and fully paid</i>	£	£
1 Ordinary L share of £1	1	1
1 Ordinary S share of £1	1	1
	<u>2</u>	<u>2</u>

Ordinary L and S shares carry full voting, dividends and capital distribution (including winding up) rights. There are no material differences in rights attaching to both types of share.

### 15. Other financial commitments

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	668,015	668,015
Later than 1 year and not later than 5 years	2,672,060	2,672,060
Later than 5 years	3,674,083	4,342,098
	<u>7,014,158</u>	<u>7,682,173</u>

The assets of the Company are held as security over loan relationships in respect of the Group of which the company is a member.

### 16. 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 enlarged group of which it is a member.

### 17. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is The Third Space Group Limited.

The parent undertaking of the smallest group for which consolidated financial statements are drawn up that include the results of the Company for the year ended 31 December 2021 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 for the year ended 31 December 2021 is Marlin Topco Limited, incorporated in England and Wales. Copies of these group financial statements are available from Companies House.

The Company's ultimate controlling party is Steele Offshore GP LLP.

#### *Change in controlling party*

On 23 July 2021, the Group was acquired by an investment fund managed by KSL Capital Partners LLC, a private equity firm specialising in travel and leisure enterprises, through Marlin BidCo Limited, an intermediate parent and the vehicle incorporated to facilitate the transaction. The Company's ultimate controlling party changed as a result of this transaction to Steele Offshore GP LLP. Prior to 23 July 2021, the Company's controlling party was Encore Capital VIII Limited.

## Notes to the financial statements

at 31 December 2021

### 18. Prior year adjustment

Subsequent to the approval of the FY20 report and financial statements, an error was identified in respect of fixed assets that were written off but were still included on the balance sheet. Comparative financial information for the year ended 31 December 2020 has therefore been restated to record a write-down of £984,695 (£843,607 net of tax). The impact of the adjustment is set out below:

	<i>Previously reported 2020 £</i>	<i>Impact of prior year adjustment £</i>	<i>Restated 2020 £</i>
Exceptional write-down of tangible fixed assets	-	(984,695)	(984,695)
<b>Loss before taxation</b>	<b>(345,188)</b>	<b>(984,695)</b>	<b>(1,329,883)</b>
Tax	56,383	141,088	197,471
<b>Loss for the year / total comprehensive income</b>	<b>(288,805)</b>	<b>(843,607)</b>	<b>(1,132,412)</b>
 Tangible assets	 984,695	 (984,695)	 -
Deferred tax asset	13,635	141,088	154,723
Profit and loss account	532,300	(843,607)	(311,307)
<b>Shareholders' funds</b>	<b>532,302</b>	<b>(843,607)</b>	<b>(311,305)</b>