Registered number: 04055091

TTS Properties Limited

Report and Financial Statements

31 December 2020

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 2020.

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

Results and dividends

The loss for the year after taxation amounted to £288,805 (2019: profit of £65,136). The directors do not recommend a dividend (2019: £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 Company will continue in operational existence for the foreseeable future.

The Company is dependent on a parent, Third Space Holdings 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 Third Space Holdings Limited group and prior to the subsequent event in note 18, the assets of the Company and its fellow subsidiaries were held as security over banking relationships held by Third Space Holdings Limited. Subsequent to the year-end, treasury and cash flow remain managed on a group basis, albeit that the banking loans were repaid with a consequent release of securities. 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.

The COVID-19 pandemic continues to evolve and the company's ability to trade is dependent on both the national and localised trading restrictions imposed on it by the UK Government. The spread and transference of the COVID-19 virus presents a risk to both employees and our members. The company has taken steps to minimise these risks by ensuring that all Government guidance on health & safety and social distancing are strictly adhered to.

During the first period of national lockdown in March 2020, the business was closed to customers. The business was allowed to open again for a period of time over the summer of 2020 within the levels of restrictions at that time, before it was forced to close again in late 2020 and early 2021. Since 12 April 2021, the business re-opened and operated within the prevailing levels of restrictions. The Government lifted the majority of these restrictions in July 2021, but the situation and level of restrictions applicable to our industry continues to be monitored. Nevertheless, COVID-19 continues to create some uncertainty and the company cannot predict the impact of this on its trading outlook (e.g. impact of new variants of the virus or new government restrictions being introduced), and any consequent impact from the propensity to work from home.

Despite this uncertainty, the business had a strong return of membership levels on re-opening in April 2021, with a continued recovery in this base each month since. This has resulted in the business being able to deliver positive trading EBITDA (before any non-trading items) for each full calendar month it has been open.

Whilst it is too early to fully assess the long-term impact of the virus, the Directors remain confident, based on a strong database of members and its experience following the end of the last lockdown, that consumer behaviour will return to pre-pandemic levels during the balance of 2021 and in to 2022. 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.

Directors' report (continued)

Going concern (continued)

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. In making their going concern assessment, the Directors have considered the impact of COVID-19 on cashflows and liquidity for the twelve month period from the approval of these financial statements i.e 31 December 2022. This assessment also takes in to account the measures available to the Group to preserve cash and reduce discretionary expenditure.

The Directors confirm that they have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements to 31 December 2022. This is especially the case given the change of shareholding on 23 July 2021, as described further in the subsequent events section below. This period is appropriate given the continued uncertainty in the market.

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.

Subsequent events

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 remained 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.

Directors' report (continued)

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 17/12/21

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 2020, 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 2020 and of its loss 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 the provisions available for small entities, in the circumstances set out in note 2 to the financial statements, 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 twelve month period to 31 December 2022.

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 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

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 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 Third Space Holdings Group and we did not identify any contradictory evidence.

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management to understand their process of identification and assessment of risk and how these risks are being mitigated. 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 has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. We also considered the risk of fraud through management override of controls and, in response, incorporated data analytics into our testing of manual journal entries. Where the risk of material misstatement was considered to be higher, we performed specific audit procedures to address each identified risk of material misstatement including fraud risk. These procedures included testing manual journals and tracing these back to the source documentation.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing using data analytics in relation to the identified fraud risk with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; and reviewing the disclosures in the financial statements. Our procedures also involved enquiries of management and those charged with governance.

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.

Ernst & Young LLP

Zishan Nurmohamed (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
20/12/2021

Statement of Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	4	261,823	929,430
Administrative expenses		(583,011)	(869,546)
Operating (loss) / profit	5	(321,188)	59,884
Interest payable and similar charges		(24,000)	(24,000)
(Loss) / profit before taxation		(345,188)	35,884
Tax	9	56,383	29,252
(Loss) / profit for the year		(288,805)	65,136
Other comprehensive income		-	-
Total comprehensive income		(288,805)	65,136

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

Balance Sheet

at 31 December 2020

			2020		*2019*
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		984,695		1,074,030
Current assets					
Debtors: amounts falling due after more than one year	11	314,835		304,701	
Debtors: amounts falling due within one year	11	2,185,545		1,641,608	
		2,500,380		1,946,309	
Creditors: amounts falling due within one year	12	(2,792,773)		(1,996,484)	
Net current liabilities			(292,393)		(50,175)
Total assets less current liabilities			692,302		1,023,855
Provisions for liabilities					
Deferred taxation	9	-		(42,748)	
Other	13	(160,000)		(160,000)	
			(160,000)		(202,748)
Net assets			532,302		821,107
Capital and reserves					
Called up share capital	14		2		2
Profit and loss account			532,300		821,105
Shareholders' funds			532,302		821,107

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17/12/21

Samir Shah
Director

Statement of Changes in Equity

for the year ended 31 December 2020

	Called up share capital	*Profit and loss account*	*Total equity*
	£	*£*	*£*
At 1 January 2019	2	755,969	755,971
Profit for the year	-	65,136	65,136
Other comprehensive income	-	-	-
Total comprehensive income	-	65,136	65,136
At 31 December 2019	**2**	**821,105**	**821,107**
Loss for the year	-	(288,805)	(288,805)
Other comprehensive income	-	-	-
Total comprehensive income	-	(288,805)	(288,805)
At 31 December 2020	**2**	**532,300**	**532,302**

Notes to the financial statements

at 31 December 2020

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 Gordons96 Limited for the year ended 31 December 2020 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 Company will continue in operational existence for the foreseeable future.

The Company is dependent on a parent, Third Space Holdings 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 Third Space Holdings Limited group and prior to the subsequent event in note 18, the assets of the Company and its fellow subsidiaries were held as security over banking relationships held by Third Space Holdings Limited. Subsequent to the year-end, treasury and cash flow remain managed on a group basis, albeit that the banking loans were repaid with a consequent release of securities. 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.

Notes to the financial statements

at 31 December 2020

2. Accounting policies (continued)

Going concern (continued)

The COVID-19 pandemic continues to evolve and the company's ability to trade is dependent on both the national and localised trading restrictions imposed on it by the UK Government. The spread and transference of the COVID-19 virus presents a risk to both employees and our members. The company has taken steps to minimise these risks by ensuring that all Government guidance on health & safety and social distancing are strictly adhered to.

During the first period of national lockdown in March 2020, the business was closed to customers. The business was allowed to open again for a period of time over the summer of 2020 within the levels of restrictions at that time, before it was forced to close again in late 2020 and early 2021. Since 12 April 2021, the business re-opened and operated within the prevailing levels of restrictions. The Government lifted the majority of these restrictions in July 2021, but the situation and level of restrictions applicable to our industry continues to be monitored. Nevertheless, COVID-19 continues to create some uncertainty and the company cannot predict the impact of this on its trading outlook (e.g. impact of new variants of the virus or new government restrictions being introduced), and any consequent impact from the propensity to work from home.

Despite this uncertainty, the business had a strong return of membership levels on re-opening in April 2021, with a continued recovery in this base each month since. This has resulted in the business being able to deliver positive trading EBITDA (before any non-trading items) for each full calendar month it has been open.

Whilst it is too early to fully assess the long-term impact of the virus, the Directors remain confident, based on a strong database of members and its experience following the end of the last lockdown, that consumer behaviour will return to pre-pandemic levels during the balance of 2021 and in to 2022. 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. In making their going concern assessment, the Directors have considered the impact of COVID-19 on cashflows and liquidity for the twelve month period from the approval of these financial statements i.e 31 December 2022. This assessment also takes in to account the measures available to the Group to preserve cash and reduce discretionary expenditure.

The Directors confirm that they have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements to 31 December 2022. This is especially the case given the change of shareholding on 23 July 2021, as described further in the subsequent events section below. This period is appropriate given the continued uncertainty in the market.

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 2020

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 2020

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 2020

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 10.

4. Turnover

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
Rent receivable	261,823	929,430

All turnover arose within the United Kingdom.

5. Operating profit

Operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	89,335	89,335
Operating lease rentals	273,546	668,015

6. Employees

The Company has no employees other than directors.

Notes to the financial statements

at 31 December 2020

7. Directors' emoluments

No remuneration was paid or is payable to the directors in their capacity as directors of the Company (2019: £Nil). The directors are also directors of a fellow group undertaking, The Third Space Group Limited, who paid the directors emoluments and pension contribution of £582,943 (2019: £620,199) 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:

	2020	*2019*
	£	*£*
Directors' emoluments	567,795	604,358
Company contributions to defined contribution pension schemes	15,148	15,841
	582,943	620,199

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contributions.

The highest paid director received remuneration of £237,633 (2019: £250,000).

No pension contributions were made in respect of the highest paid director (2019: £Nil).

8. Interest payable and similar charges

	2020	*2019*
	£	*£*
Other loan interest payable	24,000	24,000

Notes to the financial statements

at 31 December 2020

9. Tax

(a) Tax on profit on ordinary activities

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

	2020	2019
	£	£
Corporation tax:		
Current tax on profit for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(61,412)	(704)
Adjustments in respect of previous periods	-	(28,623)
Rate change adjustment	5,029	75
Total deferred tax	(56,383)	(29,252)
Taxation on profit on ordinary activities	(56,383)	(29,252)

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

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
(Loss)/profit on ordinary activities before tax	(345,188)	35,884
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(65,586)	6,818
Effects of:		
Expenses not deductible for tax purposes	4,174	4,173
Adjustments to tax charge in respect of prior periods	-	(28,623)
Rate change adjustment	5,029	75
Group relief	-	(11,695)
Total tax credit for the year	(56,383)	(29,252)

Notes to the financial statements

at 31 December 2020

9. Tax (continued)

(c) Deferred tax

	2020	*2019*
	£	*£*
At 1 January	42,748	72,000
Prior year adjustment	-	(28,623)
Charged to profit or loss	(56,383)	(629)
At 31 December	(13,635)	42,748

The provision for deferred taxation / (deferred tax asset) is made up as follows:

	2020	*2019*
	£	*£*
Fixed asset timing differences	75,387	69,948
Short term timing difference – trading	(30,400)	(27,200)
Tax losses	(58,622)	-
	(13,635)	42,748

No significant net reversal of the above amounts is expecting during the following accounting period.

(d) Factors that may affect future tax charges

A reduction in the UK Corporation tax rate to 17% from 1 April 2020 was substantively enacted by the 2016 Finance Bill in September 2016. However, this reduction from 19% to 17% was reversed in Finance Act 2020 which was substantively enacted in March 2020. This has led to the remeasurement of deferred tax balances.

10. Tangible fixed assets

	Long term leasehold property
	£
Cost:	
At 1 January 2020	1,542,753
Additions	-
At 31 December 2020	**1,542,753**
Depreciation:	
At 1 January 2020	468,723
Charge for the year	89,335
At 31 December 2020	**558,058**
Net book value:	
At 31 December 2020	**984,695**
At 1 January 2020	1,074,030

Notes to the financial statements

at 31 December 2020

11. Debtors

	2020	*2019*
	£	*£*
Due after more than one year		
Other debtors	301,200	304,701
Deferred tax	13,635	-
	314,835	304,701
Due within one year		
Amounts owed by group undertakings	1,521,803	1,318,658
Other debtors	46,069	85,125
Prepayments and accrued income	617,673	237,825
	2,185,545	1,641,608

12. Creditors: amounts falling due within one year

	2020	*2019*
	£	*£*
Other loans	43,619	155,885
Trade creditors	990,261	177,708
Amounts owed to group undertakings	1,460,965	1,662,891
Accruals and deferred income	297,928	-
	2,792,773	1,996,484

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

	Dilapidation
	£
At 1 January 2020	160,000
At 31 December 2020	160,000

Dilapidation provision

The provision represents the estimated cost of rectifications under the full repairing leases.

Notes to the financial statements

at 31 December 2020

14. Issued share capital

Allotted, called up and fully paid	*2020* £	*2019* £
1 Ordinary L share of £1	1	1
1 Ordinary S share of £1	1	1
	2	2

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 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	*2019* £
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	4,342,098	5,010,113
	7,682,173	8,350,188

The assets of the Company are held as security over banking relationships in respect of the Group of which the company is a member. Post year end, these were released as part of the repayment of the group's banking facilities.

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 2020 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 2020 is Gordons96 Limited, incorporated in England and Wales. Copies of these group financial statements are available from Companies House.

As a result of the acquisition explained in note 18, the ultimate controlling party of the Group changed subsequent to the year-end and at the date of approving these financial statements, is now considered by the Directors to be Steele Offshore GP LLP, a company registered in the Cayman Islands. Prior to this change, the ultimate controlling party was considered to be Encore Capital VIII Limited.

Notes to the financial statements

at 31 December 2020

18. Subsequent events

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 remained Encore Capital VIII Limited as explained in note 17.