

## **The Office (Kirby) Limited**

Report and Financial Statements

Year Ended

31 December 2018

Company Number 06356912



# The Office (Kirby) Limited

## Company Information

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<b>Directors</b>	C Green G Katakya O Olsen M.Green
<b>Registered number</b>	06356912
<b>Registered office</b>	The Smiths Building 179 Great Portland Street London W1W 5PL
<b>Independent auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

# **The Office (Kirby) Limited**

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# **The Office (Kirby) Limited**

## **Directors' Report for the Year Ended 31 December 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

### **Principal activity**

The principal activity of the Company is that of provider of flexible office space and related services.

The directors were pleased with the performance of this building. The Office (Kirby) Limited traded well throughout 2018, maintaining strong occupancy and license fee levels. The directors believe that the Company will continue to maintain good occupancy levels for the foreseeable future.

### **Directors**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

C Green  
G Katakya  
O Olsen  
M Green

### **Results and dividends**

The directors did not declare a dividend in the year (2017: £Nil)

### **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 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;
- 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.

# **The Office (Kirby) Limited**

## **Directors' Report (continued) for the Year Ended 31 December 2018**

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### **Going concern**

The company reports a net profit of £1.5m (2017: £5.0m) and is cash generative. The company has net current liabilities of £1.0m (2017: £2.1m) and net assets of £21.8m (2017: £20.3m). The directors, having made appropriate enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. For this reason they continue to adopt the going concern basis in preparing the company's accounts.

### **Principal risks and uncertainty due to Brexit**

Britain's decision to leave the EU has not had any adverse impact on the Company to date. Economic uncertainty has increased the demand for flexible workspace, as clients wish to avoid long term lease commitments. The Company continues to monitor the situation closely to gauge the possible impact on the Company, the sector and the UK economy.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **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.

This report was approved by the board and signed on its behalf.



**M Green**  
Director

Date: 27 SEPT 2019.

# **The Office (Kirby) Limited**

## **Independent Auditor's report to the members of The Office (Kirby) Limited**

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### **Opinion**

We have audited the financial statements of The Office (Kirby) Ltd. ("the Company") for the year ended 31 December 2018 which comprise the Statement of Profit and Loss 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 December 2018 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.

### **The impact of uncertainties due to Britain existing the European Union on our audit**

Uncertainties related to the effect of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors such as the valuation of investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effect are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

### **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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

# **The Office (Kirby) Limited**

## **Independent Auditor's report to the members of The Office (Kirby) Limited (continued)**

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### **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 page 1, 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 Office (Kirby) Limited

## Independent Auditor's report to the members of The Office (Kirby) Limited (continued)

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### Other matter - prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

### 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.



**Paul Barron** (senior statutory auditor)  
For and on behalf of KPMG LLP, statutory auditor  
Chartered Accountants  
15 Canada Square, London, E14 5GL

Date: *30 September 2019*



# The Office (Kirby) Limited

## Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 December 2018

		2018 £000	Unaudited and restated 2017 £000
	Note		
Revenue	4	2,875	2,537
Administrative expenses		(1,081)	(990)
Movement in fair value of investment properties		707	4,717
<b>Operating profit</b>		<b>2,501</b>	<b>6,264</b>
Interest payable and similar charges		(725)	(649)
<b>Profit before tax</b>		<b>1,776</b>	<b>5,615</b>
Tax on profit	8	(281)	(663)
<b>Profit for the financial year</b>		<b>1,495</b>	<b>4,952</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,495</b>	<b>4,952</b>

All activities arise from continuing operations.

The notes on pages 9 to 22 form part of these financial statements.

**The Office (Kirby) Limited**  
Registered number: 06356912

**Balance Sheet**  
**as at 31 December 2018**

			2018 £000	Unaudited and restated 2017 £000
	Note			
<b>Fixed assets</b>				
Property, plant and equipment	9		29,740	29,082
<b>Current assets</b>				
Debtors	10	13,470		11,819
Cash and cash equivalents		597		435
		<u>14,067</u>		<u>12,254</u>
Creditors: amounts falling due within one year	11	(15,069)		(14,374)
<b>Net current liabilities</b>			(1,002)	(2,120)
<b>Total assets less current liabilities</b>			<u>28,738</u>	<u>26,962</u>
Creditors: amounts falling due after more than one year	12		(4,303)	(4,303)
			<u>24,435</u>	<u>22,659</u>
<b>Provisions for liabilities</b>				
Deferred taxation	13		(2,610)	(2,329)
<b>Net assets</b>			<u>21,825</u>	<u>20,330</u>
<b>Capital and reserves</b>				
Share capital	14		-	-
Retained earnings			21,825	20,330
			<u>21,825</u>	<u>20,330</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

.....  
**M Green**  
Director

Date: 27 SEPT 2019

The notes on pages 9 to 22 form part of these financial statements.

# The Office (Kirby) Limited

## Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £000	Retained earnings £000	Total equity £000
<b>Balance at 1 January 2017 (as previously stated)</b>	-	15,491	15,491
Prior year adjustment	-	(113)	(113)
<b>Balance at 1 January 2017 (as restated)</b>	-	15,378	15,378
<b>Comprehensive income for the year</b>			
Profit for the year (unaudited and restated)	-	4,952	4,952
<b>Balance at 31 December 2017 (unaudited and restated)</b>	-	20,330	20,330
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,495	1,495
<b>Balance at 31 December 2018</b>	-	21,825	21,825

The notes on pages 9 to 22 form part of these financial statements.

# **The Office (Kirby) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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### **1. Statutory information**

The Office (Kirby) Limited is a private Company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties and financial instruments. The presentation currency used is Pound Sterling and amounts have been presented in round thousands ("£'000s").

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.1 Basis of preparation of financial statements (continued)

New effective standards:

- IFRS 9: Financial Instruments (effective 1 January 2018)

The company does not consider the adoption of IFRS 9 to have a significant effect on the classification and measurement of financial assets and financial liabilities.

- IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, replacing IAS 18 Revenue. The company has adopted IFRS 15 with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018).

The company considers the current basis of revenue recognition to remain appropriate because the accounting policies support the recognition of revenue in line with the performance obligations identified under IFRS 15. Licence fee revenue is recognised when the performance obligation of providing the space to the licensee for occupation is fulfilled. Other service revenue is recognised in the month that the service was delivered. Rent receivable is spread on a straight-line basis over the period of the lease. Therefore the company considers that the initial application of IFRS 15 has no significant change or impact on the company's accounting policies applied on its financial statements.

New and not yet effective standards:

- IFRS 16: Leases (effective 1 January 2019).

IFRS 16 was released in January 2016 and replaces IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard requires all leases (excluding short term and leases of low value items) to be recognised as an asset on the balance sheet, with a corresponding lease liability. Lessees will be required to separately recognise the interest expense on the lease liability and depreciation expense of the right-of-use asset. The directors are currently evaluating the impact of the adoption of this standard on future periods on the treatment of the Group's short leasehold properties which are currently being accounted for as operating leases under IAS 17.

#### 2.2 Property, plant and equipment

Property, plant and equipment is initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures & Fittings - 20% on cost

# **The Office (Kirby) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.3 Taxation**

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

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 assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax arising as a consequence of investment property carried at fair value is calculated on the basis that the gain/(loss) will be recovered through a sale of the property in line with the Group's business model which is to generate value in the form of capital appreciation.

#### **2.4 Judgements and key areas of estimation uncertainty**

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3

#### **2.5 Going concern**

The company reports a net profit of £1.5m (2017: £5.0m) and is cash generative. The company has net current liabilities of £1.0m (2017: £2.1m) and net assets of £21.8m (2017: £20.3m). The directors, having made appropriate enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. For this reason they continue to adopt the going concern basis in preparing the company's accounts.

# **The Office (Kirby) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.6 Investment property**

Investment property comprises completed property that is held to earn rentals or for capital appreciation or both.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and other costs incurred in order to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Investment property under construction is initially measured at cost including transaction costs. Subsequent to initial recognition, investment property under construction is stated at fair value less any costs payable in order to complete.

The fair value is determined by a professional internal valuer. The valuations have been prepared in accordance with the RICS Valuations - Professional Standards January 2017 ("the Red Book"). Factors affecting the valuation include current market conditions, annual rentals, lease lengths and location.

Additions to properties include costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits which are expected to accrue to the Company. All other property expenditure is written-off in the statement of profit or loss and other comprehensive income as incurred. Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

#### **2.7 Financial assets**

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

# **The Office (Kirby) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.8 Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers e.g. trade receivables, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairments.

Loss allowances for trade debtors and contract assets are measured at an amount equal to lifetime expected credit losses (ECLs), i.e. the ECLs that result from all possible default events over the expected life of the asset. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

#### **2.9 Financial liabilities**

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

#### **2.10 Fair value through profit or loss**

Financial liabilities are classified as fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

#### **2.11 Other financial liabilities**

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.
- Loans from group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution.



# **The Office (Kirby) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.12 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### **2.13 Revenue**

Revenue comprises rent and license fees in relation to the provision of office space, as well as ancillary charges for additional services including telephone, IT, other support services and meeting rooms. Revenue is recognised exclusive of VAT on an accruals basis.

Licence fee revenue and IT are billed monthly in advance and recognised when the performance obligations of providing the space and IT access to the licensee are fulfilled. Revenue is recognised over time as the services are provided. For the provision of other ancillary charges and meeting rooms, revenue is recognised at a point in time, as and when the performance obligation of providing the service or meeting room to the customer has been fulfilled. Rent receivable is spread on a straight-line basis over the period of the lease. When the billing profile is not uniform this results in a balance of accrued or deferred income at each reporting date until the licence term is complete.

The directors are of the opinion that the company is engaged in a single segment, being the investment in and operation of flexible workspaces in the UK only. This has been assessed in accordance with IFRS 15.

#### **2.14 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.

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 3. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Fair value measurement

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Company measures investment property at fair value.

#### Fair valuation of investment property

The market value of investment property is determined, by either an internal or external real estate valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The valuation expert used the recognised valuation techniques and the principles of both IAS 40 and IFRS 13.

The valuations have been prepared in accordance with the Royal Institute of Chartered Surveyors Valuation - Professional Standards January 2017 ("the Red Book"). Factors reflected include current market conditions, annual rentals and location.

With the exception of the estimates and judgement described above, the directors consider that there are no other significant estimates and judgements in the preparation of these financial statements.

### 4. Revenue

Revenue arising from:

	2018 £000	Unaudited 2017 £000
Licence fee and rental income	2,486	2,172
Other services income	389	365
	<u>2,875</u>	<u>2,537</u>

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 5. Profit before taxation

	2018 £000	Unaudited 2017 £000
The profit before taxation is stated after charging:		
Depreciation of tangible assets	42	33
Auditor's remuneration	15	-
	<u>57</u>	<u>33</u>

### 6. Employees

There were no employee costs for the year ended 31 December 2018 nor for the year ended 31 December 2017 as these costs are borne by The Office Islington Limited, a fellow group entity.

### 7. Directors' remuneration

	2018 £000	Unaudited 2017 £000
Wages and salaries	16	22
Social security contributions and similar taxes	3	4
Pension costs	-	-
	<u>19</u>	<u>26</u>

The aggregate of remuneration of the highest paid director was £6,000 (2017 - £7,000), including pension contributions of £Nil (2017 - £Nil).

The cost of Directors' remuneration is borne by The Office Islington Limited, a fellow group company. The above disclosed remuneration represents the amount allocated for their qualifying services in respect of this Company.

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 8. Taxation

	2018 £000	Unaudited and restated 2017 £000
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	6
<b>Deferred tax</b>		
Adjustment in respect of prior periods	73	-
Origination and reversal of timing differences	208	657
<b>Total deferred tax</b>	<b>281</b>	<b>657</b>
<b>Total tax charge in statement of profit and loss and other comprehensive income</b>	<b>281</b>	<b>663</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	Unaudited and restated 2017 £000
Profit on ordinary activities before tax	1,776	5,615
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	337	1,081
<b>Effects of:</b>		
Adjustment to deferred tax for changed in rate	(24)	(87)
Group relief unpaid	(183)	(94)
Income not taxable	(134)	(942)
Adjustment in respects of previous periods	73	6
Expenses not deductible for tax purposes	7	6
Chargeable gain on investment properties	205	693
<b>Tax expense</b>	<b>281</b>	<b>663</b>

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 8. Taxation (continued)

#### Factors that may affect future tax charge

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. A deferred tax rate of 17% has been applied to the unrealised gains on the investment properties as the directors do not intend to sell the property and realise the gains in the foreseeable future.

### 9. Tangible fixed assets

	Investment property £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At 1 January 2018	28,920	669	29,589
Additions	20	20	40
Disposals	(47)	-	(47)
Revaluations	707	-	707
At 31 December 2018	29,600	689	30,289
<b>Depreciation</b>			
At 1 January 2018	-	507	507
Charge for the year	-	42	42
At 31 December 2018	-	549	549
<b>Net book value</b>			
At 31 December 2018	29,600	140	29,740
At 31 December 2017	28,920	162	29,082

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 9. Tangible fixed assets (continued)

	2018 £000
<b>Fair value</b>	
At 1 January 2018	28,920
Additions	20
Revaluations	707
Disposals	(47)
<b>At 31 December 2018</b>	<b>29,600</b>
<b>Net book value</b>	
At 31 December 2018	29,600
At 31 December 2017	28,920

The difference between the historical cost amount and balance sheet amount of investment property is £16,808,000 (2017 - £16,101,000).

The investment properties were revalued at 31 December 2018 by C Green, a director of the Company and chartered surveyor. There are currently no obligations to purchase, construct, or develop the investment properties.

During the year £2,875,000 (2017 - £2,537,000) was recognised in the statement of comprehensive income in relation to rental income from the investment properties. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £449,000 (2017 - £426,000).

At 31 December 2018, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2017 - none).

At the year end the company had £Nil capital commitments (2017 - £Nil)

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 10. Debtors

	2018 £000	Unaudited and restated 2017 £000
Trade debtors	24	16
Amounts owed by group undertakings	13,287	11,728
Other debtors	110	39
Prepayments	47	36
Accrued income	2	-
	<u>13,470</u>	<u>11,819</u>

All of the amounts owed by group undertakings are repayable on demand and are not interest-bearing.

### 11. Creditors: Amounts falling due within one year

	2018 £000	Unaudited 2017 £000
Trade creditors	34	76
Amounts owed to group undertakings	10,626	10,600
Other taxation and social security	124	148
Other creditors	499	491
Accruals	3,786	3,059
	<u>15,069</u>	<u>14,374</u>

All of the amounts owed to group undertakings are repayable on demand and are not interest-bearing.

### 12. Creditors: Amounts falling due after more than one year

	2018 £000	Unaudited 2017 £000
Unsecured loan note	<u>4,303</u>	<u>4,303</u>

The unsecured loan is due for repayment to a fellow group entity in December 2020. Interest is charged at 10% on the principal amount and accrued interest (2017 - 10%).

# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 13. Deferred taxation

	2018 £000
Liability at beginning of year	(2,329)
Charged to Statement of Profit and Loss and Other Comprehensive Income during the year	(281)
<b>Liability at end of year</b>	<b>(2,610)</b>

The provision for deferred taxation is made up as follows:

	2018 £000	Unaudited 2017 £000
Accelerated capital allowances	(364)	(267)
Capital gains	(2,246)	(2,062)
	<b>(2,610)</b>	<b>(2,329)</b>

### 14. Share capital

	2018 £	Unaudited 2017 £
<b>Authorised, allotted, called up and fully paid</b>		
200 (2017 - 200) Ordinary shares of £0.50 each	<b>100</b>	100



# The Office (Kirby) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 15. Prior year adjustment

In 2017 and earlier periods the company received central services from a fellow group entity. The company did not record expenditure for the provision of those services even though there were agreements in place for the company to pay for the service. As a result, the comparative financial information has been restated to recognise the service cost as follows:

	As previously stated	Restatement	Restated
<b>Statement of changes in equity</b>			
Retained earnings as at 01/01/2017	(15,491)	113	(15,378)
Retained earnings as at 31/12/2017	(20,801)	471	(20,330)
<b>Statement of comprehensive income</b>			
Administrative expenses for the year ended 31/12/2017	632	358	990
<b>Balance sheet</b>			
Intercompany receivables as at 01/01/2017	11,089	(113)	10,976
Intercompany receivables as at 31/12/2017	12,199	(471)	11,728

### 16. Ultimate parent company and control

The Company is a subsidiary undertaking of Cheetah-Wild Holdco Limited which is the ultimate parent Company incorporated in Jersey.

The largest Group in which the results of the Company are consolidated is that headed by Cheetah Holdco Limited, registered in the United Kingdom. The smallest Group in which the Company is consolidated is that headed by The Office Group Midco Limited registered in the United Kingdom.

Copies of the Group financial statements of Cheetah Holdco Limited will be available on request from the Company's registered office, 35 Great St Helen's, London, United Kingdom, EC3A 6AP.

### 17. Contingent liabilities

All assets of The Office (Kirby) Limited have been pledged as security for a group bank loan held by The Office Group Holdings Limited and TOG UK Mezzco Limited (2017 - The Office Group Midco Limited). At 31 December 2018 the group bank loan was £343,652,000 (2017 - £194,102,000).