COMPANY REGISTRATION NUMBER: 06521256

Office Space in Town Limited

Consolidated Financial Statements

31 March 2022

Office Space in Town Limited

Consolidated Financial Statements

Year ended 31 March 2022

Contents **Page**

Office Space in Town Limited

Officers and Professional Advisers

The board of directors	Mr G Fuchs Mrs N Fuchs Mrs S Singlehurst Mrs J Ward Mrs T Holloway Mr S Eastlake Ms G Sandom
Registered office	10 Canberra House Corbygate Business Park Corby Northamptonshire NN17 5JG
Auditor	DNG Dove Naish LLP Chartered accountants & statutory auditor Eagle House 28 Billing Road Northampton NN1 5AJ
Bankers	Barclays Bank PLC

Office Space in Town Limited

Strategic Report

Year ended 31 March 2022

The directors present their Strategic Report and Audited Financial Statements for the year ended 31 March 2022. Business Review Office Space in Town's resilience continued to be tested in the year to 31 March 2022. Throughout the first quarter of 2021 the various messages from the government and the press made planning for greater footfall in the offices and the opening of Burgh Island Hotel very challenging. On 22 February 2021 Boris Johnson issued the roadmap for lifting Covid restrictions in England, but this was received with a degree of scepticism given the changes the industry had incurred in 2020/21. The start of Office Space in Town's financial year on 1 April 2021 was swiftly followed on 12 April with the opening of non-essential retail, opening of outdoor hospitality venues and general acceptance of wider social contact. This was good news for the company given it encouraged clients and visitors to start to think positively about a return to the office and for Burgh Island Hotel and The Pilchard pub, being able to plan more confidently for full re-opening. Throughout, Office Space Cleaning provided the support necessary to the serviced offices to ensure the hygiene and cleanliness was of the highest possible and gave clients, staff and suppliers the confidence to return to a working office. Although all covid restrictions should have been lifted by the 14 June this was delayed until 19 July. Serviced Office As at 31 March 2022 the OSiT portfolio is comprised of managing and developing the following businesses: - Cardiff Executive Centre Limited - leased space in Cardiff - Castle Court Executive Centre Limited - leased space in Cardiff - NBS OpCo Ltd (Office Space Liverpool Street) - owned space at 46 New Broad Street London - Little Britain OpCo Ltd (Office Space St Pauls) - owned space at 20 Little Britain London - Boundary Row OpCo Ltd (Office Space Waterloo) - owned space at 2-6 Boundary Row London - Brick Street OpCo Ltd (Office Space Mayfair) - leased space at 10 Brick Street London (Ceased trading on 30 April 2022) - St Dunstan's OpCo Ltd (Office Space Monument) - owned space at 20 St Dunstan's Hill London - Tudor Street OpCo Ltd (Office Space Blackfriars) - owned space at 20-22 Tudor Street London - Burgh Island Limited owned; located just off the south cost of Devon. All the serviced offices are managed in a very similar way and approached the closures and re-opening in similar ways. The acceptance of wider social contact and the re-opening of such businesses as non-essential retail, outdoor hospitality, gyms etc on 12 April 2021 coincided with the start of Office Space in Town's financial year. Occupancy was lower than usual at all centres but two in particular had been adversely effected. A combination of focused sales efforts, some refurbishment work at one centre in particular to enhance the facilities on offer to clients by creating a dedicated gym space and a renovated client lounge and generally maintaining the high standard of décor throughout ensured that occupancy levels at of the London centres were recovering well by 31 March 2022. St Dunstan's has the added facilities of a small number of hotel bedrooms, known as Cabins, and a roof top café and bar, known as The Deck. Both these facilities were much in demand as the year progressed and certainly helped St Dunstans to restore the buzz that goes along with a busy central London serviced office. The use of meeting rooms had similarly diminished during Covid but again due to a very focused sales effort 2021/22 saw an increasing number of clients and external clients using these facilities. Office Space in Town's staff also played an important role in attracting existing clients and new business back into the traditional office environment. The thought put into making the offices professional, yet fun, with spaces to facilitate team buildings and more collaborative working after the isolation some clients had experienced during Covid was instrumental in increasing occupancy in both the offices and meeting rooms. The five serviced offices were also supported by the lenders of finance in allowing covenant waivers to continue until occupancy and profitability were back to more normal levels. Regular and open dialogue during the twelve months to 31 March 2022 with all stakeholders was key to OSIT's success in this regard. Office Space Cleaning Limited Office Space Cleaning Limited (OSC) remained an integral part of the Office Space in Town portfolio as it supported all the serviced office businesses in London. As the London serviced offices became busier with increased footfall the revenue of Office Space Cleaning, and therefore its profitability increased. Revenue settled back to pre-pandemic levels in October 2021. Office Space Cleaning Limited continued to utilise the Job Retention Scheme until all staff were working their full contracted hours, although at a much-reduced rate than during the height of the covid closures. The re-opening of the office environment in London allowed James Carver, Managing Director of Office Space Cleaning Limited, to actively seek out new cleaning contracts. The increased revenues and profits in 2022/23 are testament to his success in this regard. Burgh Island Hotel & The Pilchard Pub Burgh Island Hotel faced the challenges of being forced to close in accordance with government edicts. Burgh Island's bankers, Coutts, continued to be very supportive and allowed a 12-month covenant waiver. Once the hotel was allowed to open it again proved to be very busy. The constraints and difficulties with foreign travel meant a more captive UK market was enticed down to the south coast of Devon and Burgh Island was able to enjoy another very busy summer season. One of the biggest problems encountered by the hotel was the ability to create a stable workforce, although Burgh Island Limited was not alone in experiencing this problem. The Covid restrictions of 2021 had seen many staff leave Devon and either find work outside of the hospitality arena or go home and work more locally there. That resulted in many hospitality businesses on the south coast competing for an ever-smaller number of staff. Salaries rose and at times it was difficult to maintain a stable workforce as new staff moved around frequently. The staff restrictions meant that the hotel could not offer lunches, dinners and afternoon teas to non-resident guests. The Pilchard Cafe and pub however continued to trade wherever possible and be available to the visitors of Bigbury Beach. In addition, the hotel did encounter some problems with their supply chain. The hotel closed as usual for the month of January 2022 to allow the redecoration and maintenance which would be difficult to do with guests in situ. Major refurbishments were carried out to make the hotel kitchen more effective for the increasing number of staff required to prepare and cook the high standard of food now on offer. The stained-glass ceiling of the Palm Court was also extensively refurbished for the first time in in several decades. The exterior of the hotel was painted, several Crittall windows were refurbished along with a myriad of other repairs and redecoration. The objective remains to develop and promote Burgh Island as "the best hotel west of the Ritz". From building refurbishment and maintenance to staff recruitment and training and exceptional food and wines, the aim is for Burgh Island to be a destination hotel. Giles Fuchs has been instrumental in attracting significant PR to the business including local, national and international celebrities and TV programmes, artists, authors and sports people. This attention keeps Burgh Island in the spotlight and supports the occupancy and revenue/profitability targets. Results Profit before tax for the year for the Group was £5,602,068 (2021: loss of £4,336,266). The year to 31 March 2022 was a year of building the businesses back to full recovery post Covid. The profit on financial assets for the year were £4,644,009 (2021: Loss of £4,265,997). The Income from fixed asset investments for the year of £560,000 (2021: £470,000) demonstrated the benefits of these mature assets. Principal Risks and Uncertainties The principal risks the Group faces are similar to those of other serviced office providers and managers: falling occupancy & rental levels. OSiT manage these areas by ensuring an ongoing investment in the fabric of the buildings, a commitment to provide the services and effective working environment the clients want and need, allied to a tangible investment in staff and staff training and an over riding commitment to OSiT's core values. The hotel business is similarly subject to competition both locally and nationally and unlike the service offices is also dependent upon the vagaries of the British weather. Going concern In assessing the going concern basis the Directors considered the Group's business activities, the financial position of the Company and wider group and the support available from within the group and suppliers of external finance. Office Space in Town has no direct fixed external direct borrowing liabilities. The company does and has taken advantage of a £400,000 overdraft facility but rarely uses this facility to its maximum. The composition of the Office in Town group changed significantly on 1 July 2022. Prior to this date Office Space in Town owned 20% of the subsidiary LSO Services group. On 30 June 2022 Office Space in Town bought the remaining 80% of this group, the purchase being financed by a loan of £56,044,542 from PRECAP VII S.A.R.L. This transaction significantly increased Office Space in Town's beneficial holding of London based office real estate, but also added significant debt into the overall group. Although Office Space in Town have a diversified property portfolio the principal investment is in four London serviced offices and the performance of these assets are key to creating the wealth with which to service the group borrowings. Ultimately Office Space in Town is a borrower and a guarantor to a £73,208,333 (as at 31.03.2023) facility made to the subsidiary LSO Services Limited group by Aberdeen Investment Management Limited and a borrower and guarantor to a £56,044,542 (as at 31.03.2023) facility with Precap VII S.A.R.L. Both these facility agreements have covenants relating to Interest Cover and Loan To Value (LTV) calculated on a look back and a look forward basis. It is the opinion of the Directors of Office Space in Town Limited that the group is able to service both interest and principal payments as they become due on a quarterly basis on both facility agreements. It is also the opinion of the Directors that the group will continue to achieve full covenant compliance. However, the Directors recognise that in the current climate of business uncertainty they should consider both a significant reduction in occupancy and property values. Although the office property market has seen a reduction in property values in London these decreases are principally in Category B & C. The directors consider that the Office Space in Town Group are known for their exceptional quality Category A offices with a high level of fit out and service. It is therefore the opinion of the directors that the high quality office accommodation provided by the Group, with strongly diversified licensees, will insulate the business from any significant reduction in property values. Notwithstanding the confidence of the Boards of Directors, prudency dictates that consideration should be given to a potential reduction in the value of the asset. A severe 20% reduction in the value of the underlying London Serviced Office property portfolio of £160.5m results in a value of £128.12m. As it is this property portfolio which supports both the Aberdeen Standard and Precap VII S.A.R.L. debt this valuation is key to the maintenance of lending compliance. At this lower value the group would still meet the LTV covenants with Aberdeen Investment Management Limited as this covenant is set at £125m. However, the covenant with Precap VII S.A.R.L. is set at £148m. It is the opinion of the Directors that if such a breach of the LTV covenant occurred the Directors would approach the lender for a covenant waiver and given the strength of the relationship, the Directors have no reason to believe why such a waiver would not be granted, albeit conditions upon cash deposits maybe required. Given the post year end increase in debt within the group, quarterly interest payments have significantly increased. Annualised interest payments have increased from £2.2 pre-acquisition of the additional 80% interest in the LSO Services group to £7.0m post-acquisition. The group are reliant upon robust occupancy levels and desk rates in the four London Centres which is considered achievable to service this interest. Cash balances remain extremely positive within the whole group. However, if future mandated closures were instructed by government for reasons similar to those during the Covid pandemic then cash balances would be under stress. If such an event occurred, the Directors could approach the lenders for a deferral in interest payments and have no reason to believe such assistance would not be granted. Office Space in Town as a group are the major shareholder in Burgh Island Holding Limited, of which Burgh Island Limited is a wholly owned subsidiary. Burgh Island Holdings Limited have a liability to Coutts of £4,795,000 used to purchase the subsidiary company in 2018. The Hotel and The Pilchard Pub continue to trade well and have been successful during the extensive disruption caused by Covid and the associated government mandatory closures. During this time and continuing into 2023 Coutts have been extremely supportive in terms of providing covenant waivers when the business has been unable to meet the lending covenants, albeit the company has always paid the capital and interest payments as they fell due. Taking account of all of the above it is therefore the opinion of the directors of the Group that it is appropriate to prepare the financial statements on a going concern basis. However, the possibility of a breach in covenants which may result in the some of the loans being immediately repayable by the Group represent a material uncertainty that may cast doubt upon the Group's ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. Strategy The Group aims to offer businesses and individuals flexible workspace solutions through a variety of service offices, managed offices, co-working spaces, meetings rooms and virtual offices. The locations of OSiT's serviced offices are carefully considered to ensure that local services are available to support the clients within each centre. Each centre is stylishly developed to meet the needs of current and prospective clients, will utilise environmentally friendly materials and services and provide a a working environment that is both stimulating and enjoyable. Flexibility and innovation will be key attributes necessary for many businesses now and the OSiT serviced office portfolio are focused upon these aspects whilst maintaining good profitability and cash flow. OSIT are continuing to look for opportunities to develop their serviced office portfolio either as owners or by managing buildings in this sector on behalf of existing landlords/owners. Towards the end of 2021 Office Space in Town identified a new joint venture partner who would assist in providing the debt to allow the company to purchase the remaining 80% share capital of LSO Services Limited. This would allow Office Space in Town to therefore own 100% of the LSO Services group which includes the four buildings and operating companies at NBS, Little Britain, Boundary Row and St Dunstans. Focus on this acquisition was time consuming but has given Office Space in Town an equity platform and hopefully a new partner to support any further acquisitions. This transaction was concluded successfully on 30 June 2022. In relation to the hotel the Group aims to continue to make Burgh Island a "must go to" destination hotel on a par with other luxury branded hotels worldwide. Borrowing throughout the group remains relatively low and cash reserves are maintained to ensure sufficient working capital is available to deal with the unexpected challenges and potential investment opportunities. After the successful purchase of the remaining (80%) of the LSO Group, the further debt significantly increased external financial leverage. Key Performance Indicators The directors use a number of key performance indicators to manage and control the Group and its underlying contracts. For the serviced office portfolio the KPIs include: occupancy levels, room or desk rates, client retention rates, average length of occupancy and centre EBITDA targets. As far as the hotel is concerned the KPIs are room rates, percentage occupancy, REVPAR, Gross margins, EBITDA. KPIs are measured on a monthly basis by business and reported to local management and joint venture partners on a monthly basis. OSiT as an individual business will have EBITDA and cashflow targets which are also managed on a monthly basis.

This report was approved by the board of directors on 31 March 2023 and signed on behalf of the board by:

Mr S Eastlake

Director

Registered office:

10 Canberra House

Corbygate Business Park

Corby

Northamptonshire

NN17 5JG

Office Space in Town Limited

Directors' Report

Year ended 31 March 2022

The directors present their report and the Consolidated financial statements of the group for the year ended 31 March 2022 .

Directors

The directors who served the company during the year were as follows:

Mr G Fuchs	
Mrs N Fuchs	
Mrs S Singlehurst	
Mrs J Ward	
Mrs T Holloway	
Mr S Eastlake	
Ms G Sandom	(Appointed 1 June 2021)

Ms G Sandom was appointed as director on 1 June 2021.

Dividends

Particulars of recommended dividends are detailed in note 15 to the Consolidated financial statements.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 32 to the Consolidated financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the Consolidated financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare Consolidated financial statements for each financial year. Under that law the directors have elected to prepare the Consolidated 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 Consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period. In preparing these Consolidated financial statements, the directors are required to: - select suitable accounting policies and then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - prepare the Consolidated 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 Consolidated 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. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 31 March 2023 and signed on behalf of the board by:

Mr S Eastlake

Director

Registered office:

10 Canberra House

Corbygate Business Park

Corby

Northamptonshire

NN17 5JG

Office Space in Town Limited

Independent Auditor's Report to the Members of Office Space in Town Limited

Year ended 31 March 2022

Opinion

We have audited the Consolidated financial statements of Office Space in Town Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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 Consolidated financial statements: - give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - 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 consolidated financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the Consolidated 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.

Material uncertainty related to going concern

We draw attention to note 3 to the financial statements which indicates the group's ability to continue as a going concern is reliant on continued good occupancy levels at the London serviced office centres and continued financial support from it's lenders should the above be compromised significantly. In a severe but plausible downside scenario, interest payments may become difficult to fulfil and a potential breach of loan covenant could mean the loans become repayable. These events and conditions, along with other matters explained in note 3, constitute a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on a going concern basis. As stated above, they have concluded a material uncertainty related to going concern exists.

Our conclusion, based on our audit work is that the directors use of the going concern is appropriate.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. Arising solely from the limitation in scope of our work relating to the cashflow statement referred to above: - we have not received all the information and explanations we considered necessary for our audit: and - we were unable to determine whether adequate accounting records had been kept. 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: - returns adequate for our audit have not been received from branches not visited by us; or - the parent company Consolidated financial statements are not in agreement with the accounting records and returns; or - certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Consolidated 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 Consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the Consolidated financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income across the group, posting of unusual journals along with complex transactions and manipulating the Group's key performance indicators to meet targets and the valuation of investments. We discussed these risks with client management, designed audit procedures to test the timing of commercial revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias and tested the underlying asset base to support the valuation of investments to address these risks. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern. - Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated Consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. 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.

Robyn Liddell

(Senior Statutory Auditor)

For and on behalf of

DNG Dove Naish LLP

Chartered accountants & statutory auditor

Eagle House

28 Billing Road

Northampton

NN1 5AJ

31 March 2023

Office Space in Town Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2022

	Note	2022	2021
		£	£
Turnover	4	**8,979,122**	5,893,056
Cost of sales		**2,593,236**	2,348,044
Gross profit		**6,385,886**	3,545,012
Administrative expenses		**5,823,506**	4,595,360
Other operating income	5	**153,531**	890,414
Operating profit/(loss)	6	**715,911**	(159,934)
Gain/(loss) on financial assets at fair value through profit or loss		**4,644,009**	(4,265,997)
Income from other fixed asset investments	11	**560,000**	470,000
Interest receivable	12	**18,499**	35
Interest payable	13	**336,351**	380,370
Profit/(loss) before taxation		**5,602,068**	(4,336,266)
Taxation on ordinary activities	14	**(46,345)**	85,316
Profit/(loss) for the financial year		**5,648,413**	(4,421,582)
Revaluation of tangible assets		**457,138**	468,572
Tax relating to components of other comprehensive income		**(338,125)**	(89,028)
Other comprehensive income for the year		**119,013**	379,544
Total comprehensive income for the year		**5,767,426**	(4,042,038)
Profit for the financial year attributable to:			
The owners of the parent company		**5,690,635**	(4,006,027)
Non-controlling interests		**(42,222)**	(415,555)
		5,648,413	(4,421,582)
Total comprehensive income for the year attributable to:			
The owners of the parent company		**5,809,648**	(3,626,483)
Non-controlling interests		**(42,222)**	(415,555)
		5,767,426	(4,042,038)

All the activities of the group are from continuing operations.

Office Space in Town Limited

Consolidated Statement of Financial Position

31 March 2022

	Note		2022 £	2021 £
Fixed assets				
Intangible assets	16		64,542	76,355
Tangible assets	17		11,651,928	10,996,866
Investments	18		18,014,710	13,370,700
			29,731,180	24,443,921
Current assets				
Stocks	19	80,549		54,122
Debtors	20	3,094,046		1,865,712
Cash at bank and in hand		506,028		974,637
		3,680,623		2,894,471
Creditors: amounts falling due within one year	21	3,748,905		3,147,326
Net current liabilities			68,282	252,855
Total assets less current liabilities			29,662,898	24,191,066
Creditors: amounts falling due after more than one year	22		7,589,226	7,864,834
Provisions				
Taxation including deferred tax	25		1,138,321	753,590
Net assets			20,935,351	15,572,642
Capital and reserves				
Called up share capital	29		5	5
Revaluation reserve	30		498,557	379,544
Fair value reserve	30		21,538,198	16,894,189
Profit and loss account	30		133,281	(583,758)
Equity attributable to the owners of the parent company			22,170,041	16,689,980
Non-controlling interests			(1,234,690)	(1,117,338)
			20,935,351	15,572,642

Office Space in Town Limited

Consolidated Statement of Financial Position *(continued)*

31 March 2022

These Consolidated financial statements were approved by the board of directors and authorised for issue on 31 March 2023 , and are signed on behalf of the board by:

Mr S Eastlake Director

Company registration number: 06521256

Office Space in Town Limited

Company Statement of Financial Position

31 March 2022

	Note		2022	2021
			£	£
Fixed assets				
Tangible assets	**17**		**5,588**	43,079
Investments	**18**		**23,070,573**	18,245,906
			23,076,161	18,288,985
Current assets				
Debtors	**20**	**1,624,912**		1,878,142
Cash at bank and in hand		**6,245**		8,052
		1,631,157		1,886,194
Creditors: amounts falling due within one year	**21**	**1,806,986**		2,391,747
Net current liabilities			**175,829**	505,553
Total assets less current liabilities			**22,900,332**	17,783,432
Creditors: amounts falling due after more than one year	**22**		**–**	26,601
Net assets			**22,900,332**	17,756,831
Capital and reserves				
Called up share capital	**29**		**5**	5
Fair value reserve	**30**		**20,930,420**	16,105,753
Profit and loss account	**30**		**1,969,907**	1,651,073
Shareholders funds			**22,900,332**	17,756,831

The profit for the financial year of the parent company was £ 5,427,501 (2021: £ 4,503,231 loss).

These Consolidated financial statements were approved by the board of directors and authorised for issue on 31 March 2023 , and are signed on behalf of the board by:

Mr S Eastlake Director

Company registration number: 06521256

Office Space in Town Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2022

	Note	Called up share capital £	Revaluation reserve £	Fair value reserve £	Profit and loss account £	**Equity attributable to the owners of the parent company £**	Non-controlling interests £	**Total £**
At 1 April 2020		5	–	21,160,186	239,839	21,400,030	(681,310)	20,718,720
Loss for the year					(4,006,027)	(4,006,027)	(415,555)	(4,421,582)
Other comprehensive income for the year:								
Revaluation of tangible assets	**17**	–	468,572	–	–	468,572	–	468,572
Reclassification from fair value reserve to profit and loss account		–	–	(4,265,997)	4,265,997	–	–	–
Tax relating to components of other comprehensive income	**14**	–	(89,028)	–	–	(89,028)	–	(89,028)
Total comprehensive income for the year		–	379,544	(4,265,997)	259,970	(3,626,483)	(415,555)	(4,042,038)
Dividends paid and payable	**15**	–	–	–	(1,083,567)	(1,083,567)	(20,473)	(1,104,040)
Total investments by and distributions to owners		–	–	–	(1,083,567)	(1,083,567)	(20,473)	(1,104,040)
At 31 March 2021		5	379,544	16,894,189	(583,758)	**16,689,980**	(1,117,338)	**15,572,642**
Profit for the year					5,690,635	**5,690,635**	(42,222)	**5,648,413**
Other comprehensive income for the year:								
Revaluation of tangible assets	**17**	–	457,138	–	–	**457,138**	–	**457,138**
Reclassification from fair value reserve to profit and loss account		–	–	4,644,009	(4,644,009)	–	–	–
Tax relating to components of other comprehensive income	**14**	–	(338,125)	–	–	**(338,125)**	–	**(338,125)**
Total comprehensive income for the year		–	119,013	4,644,009	1,046,626	**5,809,648**	(42,222)	**5,767,426**

Office Space in Town Limited

Consolidated Statement of Changes in Equity *(continued)*

Year ended 31 March 2022

	Note	Called up share capital	Revaluation reserve	Fair value reserve	Profit and loss account	**Equity attributable to the owners of the parent company**	Non-controlling interests	**Total**
		£	£	£	£	**£**	£	**£**
Dividends paid and payable	**15**	–	–	–	(329,587)	**(329,587)**	(75,130)	**(404,717)**
Total investments by and distributions to owners		–	–	–	(329,587)	**(329,587)**	(75,130)	**(404,717)**
At 31 March 2022		5	498,557	21,538,198	133,281	**22,170,041**	(1,234,690)	**20,935,351**

Office Space in Town Limited

Company Statement of Changes in Equity

Year ended 31 March 2022

	Note	Called up share capital	Fair value reserve	Profit and loss account	Total
		£	£	£	£
At 1 April 2020		5	20,384,849	2,917,208	23,302,062
Loss for the year				(4,503,231)	(4,503,231)
Other comprehensive income for the year:					
Reclassification from fair value reserve to profit and loss account		–	(4,279,096)	4,279,096	–
Total comprehensive income for the year		–	(4,279,096)	(224,135)	(4,503,231)
Dividends paid and payable	**15**	–	–	(1,042,000)	(1,042,000)
Total investments by and distributions to owners		–	–	(1,042,000)	(1,042,000)
At 31 March 2021		5	16,105,753	1,651,073	**17,756,831**
Profit for the year				5,427,501	**5,427,501**
Other comprehensive income for the year:					
Reclassification from fair value reserve to profit and loss account		–	4,824,667	(4,824,667)	**–**
Total comprehensive income for the year		–	4,824,667	602,834	**5,427,501**
Dividends paid and payable	**15**	–	–	(284,000)	**(284,000)**
Total investments by and distributions to owners		–	–	(284,000)	**(284,000)**
At 31 March 2022		5	20,930,420	1,969,907	**22,900,332**

Office Space in Town Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2022

	2022	2021
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	**5,648,413**	(4,421,582)
Adjustments for:		
Depreciation of tangible assets	**101,485**	416,989
Impairment of tangible assets	–	239,804
Amortisation of intangible assets	**11,813**	11,813
(Gain)/loss on financial assets at fair value through profit or loss	**(4,644,009)**	4,265,997
Income from other fixed asset investments	**(560,000)**	(470,000)
Interest receivable	**(18,499)**	(35)
Interest payable	**336,351**	380,370
(Gains)/loss on disposal of tangible assets	**(29,941)**	38
Taxation on ordinary activities	**(46,345)**	85,316
Accrued expenses	–	3,309
Changes in:		
Stocks	**(26,427)**	(9,962)
Trade and other debtors	**(972,178)**	558,426
Trade and other creditors	**595,461**	472,279
Cash generated from operations	**396,124**	1,532,762
Interest paid	**(224,832)**	(380,370)
Interest received	**10**	35
Tax paid	**(151,231)**	(479,712)
Net cash from operating activities	**20,071**	672,715
Cash flows from investing activities		
Purchase of tangible assets	**(382,429)**	(162,556)
Proceeds from sale of tangible assets	**95,335**	256,312
Dividends received	**460,000**	470,000
Net cash from investing activities	**172,906**	563,756
Cash flows from financing activities		
Proceeds from borrowings	**(217,500)**	295,000
Payments of finance lease liabilities	**(39,369)**	(113,596)
Dividends paid	**(404,717)**	(1,104,040)
Net cash used in financing activities	**(661,586)**	(922,636)
Net (decrease)/increase in cash and cash equivalents	**(468,609)**	313,835
Cash and cash equivalents at beginning of year	**974,637**	660,802
Cash and cash equivalents at end of year	**506,028**	974,637

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 10 Canberra House, Corbygate Business Park, Corby, Northamptonshire, NN17 5JG.

2. Statement of compliance

These Consolidated financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities, investments and properties measured at fair value through profit or loss. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

In assessing the going concern basis the Directors considered the Group's business activities, the financial position of the Company and wider group and the support available from within the group and suppliers of external finance. Office Space in Town has no direct fixed external direct borrowing liabilities. The company does and has taken advantage of a £400,000 overdraft facility but rarely uses this facility to its maximum. The composition of the Office in Town group changed significantly on 1 July 2022. Prior to this date Office Space in Town owned 20% of the subsidiary LSO Services group. On 30 June 2022 Office Space in Town bought the remaining 80% of this group, the purchase being financed by a loan of £56,044,542 from PRECAP VII S.A.R.L. This transaction significantly increased Office Space in Town's beneficial holding of London based office real estate, but also added significant debt into the overall group. Although Office Space in Town have a diversified property portfolio the principal investment is in four London serviced offices and the performance of these assets are key to creating the wealth with which to service the group borrowings. Ultimately Office Space in Town is a borrower and a guarantor to a £73,208,333 (as at 31.03.2023) facility made to the subsidiary LSO Services Limited group by Aberdeen Investment Management Limited and a borrower and guarantor to a £56,044,542 (as at 31.03.2023) facility with Precap VII S.A.R.L. Both these facility agreements have covenants relating to Interest Cover and Loan To Value (LTV) calculated on a look back and a look forward basis. It is the opinion of the Directors of Office Space in Town Limited that the group is able to service both interest and principal payments as they become due on a quarterly basis on both facility agreements. It is also the opinion of the Directors that the group will continue to achieve full covenant compliance. However, the Directors recognise that in the current climate of business uncertainty they should consider both a significant reduction in occupancy and property values. Although the office property market has seen a reduction in property values in London these decreases are principally in Category B & C. The directors consider that the Office Space in Town Group are known for their exceptional quality Category A offices with a high level of fit out and service. It is therefore the opinion of the directors that the high quality office accommodation provided by the Group, with strongly diversified licensees, will insulate the business from any significant reduction in property values. Notwithstanding the confidence of the Boards of Directors, prudency dictates that consideration should be given to a potential reduction in the value of the asset. A severe 20% reduction in the value of the underlying London Serviced Office property portfolio of £160.5m results in a value of £128.12m. As it is this property portfolio which supports both the Aberdeen Standard and Precap VII S.A.R.L. debt this valuation is key to the maintenance of lending compliance. At this lower value the group would still meet the LTV covenants with Aberdeen Investment Management Limited as this covenant is set at £125m. However, the covenant with Precap VII S.A.R.L. is set at £148m. It is the opinion of the Directors that if such a breach of the LTV covenant occurred the Directors would approach the lender for a covenant waiver and given the strength of the relationship, the Directors have no reason to believe why such a waiver would not be granted, albeit conditions upon cash deposits maybe required. Given the post year end increase in debt within the group, quarterly interest payments have significantly increased. Annualised interest payments have increased from £2.2 pre-acquisition of the additional 80% interest in the LSO Services group to £7.0m post-acquisition. The group are reliant upon robust occupancy levels and desk rates in the four London Centres which is considered achievable to service this interest. Cash balances remain extremely positive within the whole group. However, if future mandated closures were instructed by government for reasons similar to those during the Covid pandemic then cash balances would be under stress. If such an event occurred, the Directors could approach the lenders for a deferral in interest payments and have no reason to believe such assistance would not be granted. Office Space in Town as a group are the major shareholder in Burgh Island Holding Limited, of which Burgh Island Limited is a wholly owned subsidiary. Burgh Island Holdings Limited have a liability to Coutts of £4,795,000 used to purchase the subsidiary company in 2018. The Hotel and The Pilchard Pub continue to trade well and have been successful during the extensive disruption caused by Covid and the associated government mandatory closures. During this time and continuing into 2023 Coutts have been extremely supportive in terms of providing covenant waivers when the business has been unable to meet the lending covenants, albeit the company has always paid the capital and interest payments as they fell due. Taking account of all of the above it is therefore the opinion of the directors of the Group that it is appropriate to prepare the financial statements on a going concern basis. However, the possibility of a breach in covenants which may result in the some of the loans being immediately repayable by the Group represent a material uncertainty that may cast doubt upon the Group's ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102: (a) No cash flow statement has been presented for the company. (b) Disclosures in respect of financial instruments have not been presented.

Consolidation

The financial statements consolidate the financial statements of Office Space in Town Limited and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes. The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account. The following subsidiary companies have been consolidated as part of the Group financial statements: - Brick Street OpCo Limited (registered in England and Wales) - Office Space Cleaning Ltd (registered in England and Wales) - London Serviced Offices Limited (Registered in Isle of Man) - London Serviced Offices 2 Limited (Registered in Isle of Man) - Galion Homes (Bigbury) Limited (registered in England and Wales) - Burgh Holding Limited (Registered in Isle of Man) The investments held as at 31 March 2022 can be seen in more detail under note 18.

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Significant judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the individual accounting policies below.

Revenue recognition

Turnover for the group is mainly comprised of management fees, licence fees, room-hire, service fees and other income. Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Office Space in Town Limited as managing agents for serviced offices sources goods and services in the most effective manner possible. This can be by establishing contracts by each centre individually but can also be by establishing corporate contract covering all centres under it. These costs are recharged to individual centre at cost. As such, recharges are billed one month in arrears. Management fees are charged to each centre in accordance with the contracts in place. Typically, fees are charged one month in arrears. Licence fee income is recognised in the statement of comprehensive income on a straight-line basis over the contract term. Room-hire income is recognised at the fair value of the consideration receivable once the room has been availed of. Service fee income is recognised when the services have been rendered by the Company, the associated costs and recharge margin on those costs can be measured reliably and with reference to the stage of completion of the service. All sources of other income is only recognised when it is probable that the economic benefits will flow to the Company.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Government grants

Government grants are accounted for under FRS 102 Section 24 'Government grants'. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

The Company has opted to account for Government grants under the accrual method. Grants relating to revenue shall be recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it it becomes receivable.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% straight line
Website costs	-	10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Any property, plant and equipment carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The selection of these residual values and estimated lives requires the exercise of judgement. The directors are required to assess whether there is an indication of impairment to the carrying value of assets. In making that assessment, judgements are made in estimating value in use. The directors consider that the individual carrying values of assets are supportable by their value in use.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Property improvements	-	Straight line at variable rates
Plant and machinery	-	Straight line at variable rates
Fixtures and fittings	-	Straight line at variable rates
Motor vehicles	-	25% reducing balance
Office equipment	-	20% straight line

Investments in subsidiaries

Fixed Asset Investments accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in the profit or loss.

The fair value of the investments are based upon the underlying assets of the subsidiaries. The assets are valued on an annual basis by an external, independent and professionally qualified valuer having recent experience in the location and category of the assets being valued. The valuation comprises of the physical assets along with an assessment of its valued use within the business. As a result, the net assets of the subsidiary are deemed to have an accurate reflection on the fair value of the underlying investments.

Investments in associates

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in the profit or loss. The fair value of the investments are based upon the underlying assets of the associates. The assets are valued on an annual basis by an external, independent and professionally qualified valuer having recent experience in the location and category of the assets being valued. The valuation comprises of the physical assets along with an assessment of its valued use within the business. As a result, the net assets of the associates are deemed to have an accurate reflection on the fair value of the underlying investments.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income under administrative expenses. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Rendering of services	**8,979,122**	5,893,056

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	2022	2021
	£	£
Other operating income	**153,531**	890,414

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Amortisation of intangible assets	**11,813**	11,813
Depreciation of tangible assets	**101,485**	416,989
Impairment of tangible assets recognised in:		
Administrative expenses	**–**	239,804
(Gains)/loss on disposal of tangible assets	**(29,941)**	38
Impairment of trade debtors	**16,629**	(208)

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the consolidated financial statements	**45,316**	55,726

8. Particulars of employees

The average number of persons employed by the group during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Production staff	**155**	142
Administrative staff	**13**	11
Management staff	**6**	6
Operations and sales staff	**4**	4
	178	163

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	**3,181,282**	2,902,442
Social security costs	**255,655**	105,905
Other pension costs	**45,835**	21,646
	3,482,772	3,029,993

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	**438,776**	370,814

The number of directors who accrued benefits under company pension plans was as follows:

	2022	2021
	No.	No.
Defined contribution plans	**5**	5

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	**134,460**	123,468

10. Key management personnel

The combined remuneration package of Key Management Personnel is deemed to be that of the directors remuneration packaged detailed in note 9.

11. Income from other fixed asset investments

	2022	2021
	£	£
Income from other fixed asset investments	**560,000**	470,000

12. Interest receivable

	2022	2021
	£	£
Interest on loans and receivables	**18,489**	–
Interest on cash and cash equivalents	**10**	35
	18,499	35

13. Interest payable

	2022	2021
	£	£
Interest on banks loans and overdrafts	**187,068**	193,727
Interest on obligations under finance leases and hire purchase contracts	**1,194**	53,539
Other interest payable and similar charges	**148,089**	133,104
	336,351	380,370

14. Taxation on ordinary activities

Major components of tax (income)/expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	**362**	139,563
Adjustments in respect of prior periods	**(93,313)**	–
Total current tax	**(92,951)**	139,563
Deferred tax:		
Origination and reversal of timing differences	**46,606**	(54,247)
Taxation on ordinary activities	**(46,345)**	85,316

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £ 338,125 (2021: £ 89,028).

Reconciliation of tax (income)/expense

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19 % (2021: 19 %).

	2022	2021
	£	£
Profit/(loss) on ordinary activities before taxation	**5,602,068**	(4,336,266)
Profit/(loss) on ordinary activities by rate of tax	**1,111,237**	(823,891)
Adjustment to tax charge in respect of prior periods	**(93,312)**	–
Effect of expenses not deductible for tax purposes	**(1,085,015)**	137,495
Effect of capital allowances and depreciation	**(45,532)**	108,096
Effect of revenue exempt from tax	**8,529**	717,863
Unused tax losses	**11,142**	–
Effect of deferred tax	**46,606**	(54,247)
Tax on profit/(loss)	**(46,345)**	85,316

15. Dividends

	2022	2021
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	**404,717**	1,104,040

16. Intangible assets

Group	Goodwill	Development costs	**Total**
	£	£	**£**
Cost			
At 1 April 2021 and 31 March 2022	74,536	43,597	**118,133**
Amortisation			
At 1 April 2021	18,399	23,379	**41,778**
Charge for the year	7,453	4,360	**11,813**
At 31 March 2022	25,852	27,739	**53,591**
Carrying amount			
At 31 March 2022	48,684	15,858	**64,542**
At 31 March 2021	56,137	20,218	76,355

The company has no intangible assets.

17. Tangible assets

Group	**At 1 April 2021**	**Additions**	**Disposals**	**Revaluation**	**At 31 March 2022**
	£	**£**	**£**	**£**	**£**
Cost or value					
Property improvements	1,682,200	–	–	–	1,682,200
Freehold property	10,636,676	16,680	–	457,138	11,110,494
Plant and machinery	550,088	173,044	(26,182)	–	696,950
Fixtures and fittings	1,702,163	65,331	–	–	1,767,494
Motor vehicles	168,649	127,374	(138,949)	–	157,074
Equipment	196,109	–	–	–	196,109

14,935,885	382,429	(165,131)	457,138	15,610,321

	At 1 April 2021	Charge for the year	Disposals	At 31 March 2022
	£	£	£	£
Depreciation				
Property improvements	1,682,200	–	–	1,682,200
Freehold property	–	–	–	–
Plant and machinery	366,997	44,968	(10,037)	401,928
Fixtures and fittings	1,634,875	22,576	–	1,657,451
Motor vehicles	60,387	33,454	(72,081)	21,760
Equipment	194,567	487	–	195,054
	3,939,026	**101,485**	**(82,118)**	**3,958,393**

	At 31 March 2022	At 31 March 2021
	£	£
Carrying amount		
Property improvements	–	–
Freehold property	11,110,494	10,636,676
Plant and machinery	295,022	183,091
Fixtures and fittings	110,043	67,288
Motor vehicles	135,314	108,262
Equipment	1,055	1,542
	11,651,928	10,996,859

Company	At 1 April 2021	Additions	Disposals	At 31 March 2022
	£	£	£	£
Cost or value				
Fixtures and fittings	18,370	1,499	–	19,869
Motor vehicles	65,000	–	(65,000)	–
	83,370	**1,499**	**(65,000)**	**19,869**

	At 1 April 2021	Charge for the year	Disposals	At 31 March 2022
	£	£	£	£
Depreciation				
Fixtures and fittings	11,853	2,428	–	14,281
Motor vehicles	28,438	–	(28,438)	–
	40,291	**2,428**	**(28,438)**	**14,281**

	At 31 March 2022	At 31 March 2021
	£	£
Carrying amount		
Fixtures and fittings	5,588	6,517
Motor vehicles	–	36,562
	5,588	43,079

Included within the Group's net book value of £11,651,928 is £0 (2021: £36,562) relating to assets held under hire purchase agreements. Hire purchase and lease agreements are secured on the assets to which they relate. Included within Office Space in Town Limited 's net book value of £5,588 is £0 (2021: £36,562) relating to assets held under hire purchase agreements. This amount is secured on the assets it relates to. Included within the Group's Freehold property are The Hotel, The Pilchard (pub) and The Beach House class of fixed assets that were valued in October 2020 by Nick Boyd FRICS, of Knight Frank LLP. The valuation of £9,700,000 was on an open market basis assuming vacant possession and continuing use as a hotel and included fixtures and fittings and other assets. The Hotel, The Pilchard (pub) and The Beach House are included at £9,436,804 which is the revalued amount less the NBV at acquisition of fixtures and fittings, equipment, and vehicles of £263,196. Cost or valuation at 31 March 2022 of The Hotel, The Pilchard (pub) and the Beach House is represented by:

	Total
	£
Valuation in 2004	578,622
Valuation in 2006	1,098,469
Valuation in 2010	2,196,354
Valuation in 2018	786,613
Valuation in 2020	468,572
Cost pre 2022	4,365,184
Cost or valuation as at 31.03.2021	9,493,814
Cost to 31.03.2022	16,680
Cost or valuation as at 31.03.2022	9,510,494

As the directors do not have access to all the Company records, they are unable to confirm the exact cost basis. The method used to estimate the cost basis has been identified by respect to the land registry price back in October 2001 of £2,099,000. The remaining cost balance has been identified by using the current revalued amount less any revaluations to date. The residual value of The Hotel, The Pilchard (pub) and the Beach House is considered to be in excess of the original cost in light of the revaluation and on this basis, there is no depreciation for which to account. Addditionally, on 14 September 2021 a valuation was undertaken by Marchand Petit Estate Agents in relation to the property known as warren cottage, Marine Drive, Bigbury on Sea, TQ7 4AS. The valuation of £1,600,000 was on an open market basis. Cost or valuation at 31 March 2022 of Warren cottage is represented by:

	Total
	£
Cost	1,142,862
Valuation in 2021	457,138
Cost or valuation as at 31.03.2022	1,600,000

The directors believe there is no change in the value of these properties at the period end.

18. Investments

Group

	Shares in group undertakings	Other investments other than loans	Total
	£	£	**£**
Value			
At 1 April 2021	13,144,770	225,930	**13,370,700**
Revaluations	4,644,010	–	**4,644,010**
At 31 March 2022	17,788,780	225,930	**18,014,710**
Impairment			
At 1 April 2021 and 31 March 2022	–	–	**–**
Carrying amount			
At 31 March 2022	17,788,780	225,930	**18,014,710**
At 31 March 2021	13,144,770	225,930	13,370,700

Company

	Shares in group undertakings	Other investments other than loans	Total
	£	£	**£**
Value			
At 1 April 2021	18,019,976	225,930	**18,245,906**
Revaluations	4,824,667	–	**4,824,667**
At 31 March 2022	22,844,643	225,930	**23,070,573**
Impairment			
At 1 April 2021 and 31 March 2022	–	–	**–**
Carrying amount			
At 31 March 2022	22,844,643	225,930	**23,070,573**
At 31 March 2021	18,019,976	225,930	18,245,906

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Brick Street OpCo Limited	10 Canberra House Corbygate Business Park Corby Northamptonshire NN17 5JG United Kingdom	Ordinary	50

Office Space Cleaning Ltd	10 Canberra House Corbygate Business Park Corby Northamptonshire NN17 5JG United Kingdom	Ordinary	67
London Serviced Offices Limited	First Names House Victoria Road Douglas IM2 4DF Isle of Man	Ordinary	100
London Serviced Offices 2 Limited	First Names House Victoria Road Douglas IM2 4DF Isle of Man	Ordinary	100
Burgh Holding Limited	First Names House Victoria Road Douglas IM2 4DF Isle of Man	Ordinary	74
Galion Homes (Bigbury) Limited	10 Canberra House Corbygate Business Park Northamptonshire NN17 5JG United Kingdom	Ordinary	100
Other significant holdings			
LSO Services Limited	First Names House Victoria Road Douglas IM2 4DF Isle of Man	Ordinary	20
St Dunstan's HoldCo Limited	First Names House Victoria Road Douglas IM2 4DF Isle of Man	Ordinary	20
Burgh Island Holdings Limited	10 Canberra House Corbygate Business Park Corby Northamptonshire NN17 5JG United Kingdom	Ordinary Preference	43 51
Burgh Island Limited	10 Canberra House Corbygate Business Park Corby Northamptonshire NN17 5JG United Kingdom	Ordinary	43

Croft Way (OSIT) Limited	10 Canberra House Corbygate Business Park Corby Northamptonshire NN17 5JG United Kingdom	Ordinary	30

The results and capital and reserves for group undertakings not included in the consolidated Consolidated financial statements are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2022	2021	**2022**	2021
	£	£	**£**	£
Other significant holdings				
LSO Services Limited	**6,115,284**	4,724,086	**(777,686)**	(4,865,736)
St Dunstan's HoldCo Limited	**8,405,279**	8,405,279	**–**	(149,952)
Burgh Island Holdings Limited	**–**	–	**(24,963)**	(243,542)
Burgh Island Limited	**–**	–	**267,630**	24,084
Croft Way (OSIT) Limited	**(422,348)**	(159,437)	**77,082**	(22,661)

The following subsidiaries have reporting dates different to the parent company of 31 March 2022 as follows: - Burgh Holding Limited - 30 September The investments are held at Fair Value with the changes in Fair Value adjustments, on an annual basis, being recognised in the profit and loss. LSO Services Limited owns the entire share capital of the following companies: - Boundary Row Limited - Boundary Row OpCo Limited - Little Britain Limited - Little Britain OpCo Limited - New Broad Street Limited - NBS OpCo Limited - St Dunstan's Limited - St Dunstan's OpCo Limited Burgh Island Holdings Limited owns the entire share capital of the following companies: - Burgh Island Limited

19. Stocks

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Raw materials	**80,549**	54,122	**–**	–

20. Debtors

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Trade debtors	**304,427**	275,028	**56,653**	110,586
Amounts owed by group undertakings	**–**	–	**368,889**	324,268
Amounts owed by undertakings in which the company has a participating interest	**127,714**	27,714	**27,714**	27,714
Prepayments and accrued income	**657,050**	283,251	**85,370**	39,617
Corporation tax repayable	**231,561**	–	**215,091**	176,741
Directors loan account	**1,091,186**	850,866	**491,186**	850,866
Other debtors	**682,108**	428,853	**380,009**	348,350
	3,094,046	1,865,712	**1,624,912**	1,878,142

21. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Bank loans and overdrafts	**290,000**	217,500	**259,024**	65,289
Trade creditors	**864,329**	474,899	**41,506**	29,565
Amounts owed to group undertakings	**424,501**	424,501	**1,360,000**	2,109,928
Accruals and deferred income	**795,040**	580,405	**118,655**	96,109
Corporation tax	**–**	12,621	**–**	–
Social security and other taxes	**255,799**	382,680	**12,105**	78,088
Obligations under finance leases and hire purchase contracts	**–**	12,768	**–**	12,768
Other creditors	**1,119,236**	1,041,952	**15,696**	–
	3,748,905	3,147,326	**1,806,986**	2,391,747

Barclays Bank Plc hold a fixed and floating charge over all the property or undertakings of the Company in relation to the £400,000 arranged overdraft.

22. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Bank loans and overdrafts	**5,756,900**	6,046,900	**–**	–
Obligations under finance leases and hire purchase contracts	**–**	26,601	**–**	26,601
Other creditors	**1,832,326**	1,791,333	**–**	–
	7,589,226	7,864,834	**–**	26,601

Included within creditors: amounts falling due after more than one year is an amount of £Nil (2021: £17,500) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Coutts & Company hold a fixed charge and negative pledge over all the assets of Burgh Island Limited in relation to a facility agreement granted on 11 April 2018. Full repayment of this facility agreement is due no later than 6 years after the approval date. The interest rate on the facility agreement is 2.85% above the Sterling Overnight Index Average (SONIA).

In addition, Coutts & Company hold a fixed and floating charge over all the assets of the Company in relation to the £350,000 loan drawdown. Interest is payable quarterly in arrears at 3.4% over Coutts' Base rate.

23. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Not later than 1 year	**–**	14,720	**–**	14,720
Later than 1 year and not later than 5 years	**–**	30,668	**–**	30,668
	–	45,388	**–**	45,388
Less: future finance charges	**–**	(6,020)	**–**	(6,020)
Present value of minimum lease payments	**–**	39,368	**–**	39,368

Hire purchase and lease agreements are secured on the assets to which they relate.

24. Secured debt

Where the individual group companies have borrowings, they are secured by fixed and floating charges on the underlying assets of the individual company. Office Space in Town Limited 's bank overdraft is similarly secured on the assets of the ultimate holding company only. There are no cross company guarantees.

25. Provisions

Group	Deferred tax (note 26)
	£
At 1 April 2021	**753,590**
Additions	**379,373**
Charge against provision	**5,358**
At 31 March 2022	**1,138,321**

The company does not have any provisions.

26. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Included in provisions (note 25)	**1,138,321**	753,590	**–**	–

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Accelerated capital allowances	**39,563**	7,043	**–**	–
Revaluation of tangible assets	**1,098,758**	760,632	**–**	–
	1,138,321	767,675	**–**	–

27. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 45,835 (2021: £ 21,646).

28. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Brick Street OpCo Limited		
Not later than 1 year	**64,497**	784,707
Later than 1 year and not later than 5 years	**–**	64,497
	64,497	849,204

Brick Street OpCo Limited was unsuccessful in securing a lease renewal for the offices situated at 10 Brick Street, London, W1J 7HQ. As a result the lease expired on 30 April 2022.

29. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	**£**	No.	£
Ordinary Class A Shares shares of £ 1 each	**2**	**2**	2	2
Ordinary Class B Shares shares of £ 1 each	**3**	**3**	3	3
	5	**5**	5	5

Ordinary "A" class shares have full rights to vote and rights to dividend distribution. Ordinary "B" class shares have rights to dividend distribution only.

30. Reserves

Fair Value reserve - This reserve records the value of Fair Value movements on investments recognised in the profit and loss. Profit and loss account - This reserve records retained earnings and accumulated losses.

31. Analysis of changes in net debt

	At 1 Apr 2021	Cash flows	**At 31 Mar 2022**
	£	£	**£**
Cash at bank and in hand	974,637	(468,609)	**506,028**
Debt due within one year	(654,769)	(59,732)	**(714,501)**
Debt due after one year	(6,073,501)	316,601	**(5,756,900)**
	(5,753,633)	(211,740)	**(5,965,373)**

32. Events after the end of the reporting period

On 30 June 2022 LSO Services Limited, a company Office Space in Town Limited indirectly owned 20% of, became a wholly owned subsidiary of LSO Services Interco Limited. As of this date LSO Services Limited and all of it's subsidiaries, detailed in note 18, became wholly owned subsidiaries of Office Space in Town Limited . No other events occurred after the reporting date that would require amendment to or disclosure in the financial statements or inclusion of notes therein. Due to the acqusition judgement has been made on the going concern. Please refer to the strategic report for details.

33. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2022	2021
	£	£
Balance brought forward	850,866	1,357,776
Advances/ (credits) to the directors	855,880	253,540
Amounts repaid	(615,559)	(760,450)
Balance outstanding carried forward	1,091,187	850,866

The amounts outstanding at the year end are interest free and repayable on demand.

34. Related party transactions

During the year Mrs N Morgan and Mr G Fuchs were also directors Brick Street OpCo Limited. Mrs N Morgan and Mr G Fuchs were also directors and shareholders of Haryl (1991) Limited. Mr G Fuchs was also a director of Gunners Cocktails Limited.

During the year Office Space in Town Limited lent Brick Street OpCo Limited £40,000 (2021: £66,098). Repayments were made in the year by Brick Street OpCo Limited in the sum of £0 (2021: £66,098). The amount outstanding at the year end included within amounts owed by group undertakings is £768,014 (2021: £728,014). The loan is interest free and repayable on demand. An additional bad debt provision has been included for £40,000 increasing the total bad debt provision in relation to this loan to £768,014 (2021: £728,014) as Brick Street OpCo Limited's is no longer trading as a going concern.

During the year ended 31 March 2022 Office Space in Town made a number of small loans to Haryl (1991) Limited. The maximum amount outstanding during the year was £34,272; the loan was repayable upon demand and none interest bearing. The loan was fully discharged by 28 February 2022.

In January 2022 Cardiff Executive Centre Limited, a 100% subsidiary of Haryl (1991) Limited, lent Office Space in Town Limited £20,000. This loan was unsecured and none interest bearing. The loan was repaid in full on 5 April 2022.

During the year Office Space in Town Limited lent Gunners Cocktails Limited £0 (2021: £13,570). The amount outstanding at the year end included within other debtors is £290,372 (2021: £290,372). The loan is interest free and repayable on demand.

The company has availed itself of the exemption contained within FRS 102 Section 33 Related Party Disclosures not to disclose details of transactions with fellow group entities.