

Fora Space Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number: 09826907

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Fora Space Limited

Company Information

Directors	S Boston M Marks E Sanna J Spencer J Graham
Registered number	09826907
Registered office	Level 1 89 Wardour Street London W1F 0UB
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU United Kingdom

Fora Space Limited

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Fora Space Limited

Strategic Report For the Year Ended 31 December 2021

Introduction

The Directors present their strategic report and audited financial statements for Fora Space Limited for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is the design, construction and operation of premium flexible workspace.

Review of the business

Fora was founded in 2015 with the aim of re-imagining the workspace experience by bringing together the best elements of modern offices, hotels, members clubs and flexible workspaces under one roof. Fora's flexible workspaces are hubs for highly skilled people, providing them with a platform to grow both professionally and personally. As a result, Fora attracts blue chip corporate Residents as well as a wide range of smaller companies across a range of sectors.

The wider Fora Group owns the freehold interest in the majority of the buildings operated by the Company, which affords the Company and its Residents a number of benefits.

At 31 December 2021, Fora operated from 12 locations, owning the freehold interest in 8 of them. The Company achieved its results despite the continuing challenges that the Covid-19 pandemic brought during 2021, which the Directors believe reflects the Company's unwavering focus on its Residents' needs. The Directors are pleased that the retention of Residents has been excellent and that the Company experienced almost no bad debt and continued to meet all of its rent obligations throughout the year. Throughout 2021, occupancy and desk rates achieved have significantly improved as Residents returned to the office and the Company has capitalised on its positioning in the market place as a leading premium workspace operator.

The Directors are pleased to report that the Company featured for the second consecutive year in the "Sunday Times Top 100 Companies to Work For" and would like to thank all of its colleagues, known as Forateers, for their outstanding contribution during the year.

Future developments

Fora continues to strive to maximise profit in its existing operational portfolio, optimising occupancy and desk rates. The Directors believe this will be achieved by delivering a superior experience to Residents and by continuing to invest in the development of its products and services.

Fora will also seek to expand its freehold estate, only taking leases where the freehold interest can not be acquired in very high quality assets in key strategic locations. The Directors believe that Fora's freehold focus in London is both a source of competitive advantage and a driver of shareholder value.

The Company is well positioned to benefit from increasing demand for flexibility from occupiers post Covid-19 owing to its focus on flexibility and high quality design and service.

On 14 March 2022 Fora and TOG (The Office Group) announced that they have agreed to merge and on 3 August 2022 the proposed merger was granted regulatory approval by the Competition and Markets Authority. The combined group's aim is to be a premier flexible workspace company in the UK and Europe, bringing together two highly complementary businesses with similar cultures and high quality, design-led workspaces. The proposed merger is expected to be finalised in the second half of 2022.

Fora Space Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Key performance indicators

The Directors consider the following to be the key indications of performance of the Company, both financial and non-financial:

	2021	2020
Turnover	£33,793,728	£31,912,291
Total square footage (including pipeline)	687,000	580,000

Principal risks and uncertainties

UK economy

The Company is exposed to risk associated with the economic climate in the UK. An economic decline may impact demand and supply for office property and market pricing for flexible office services, which could adversely impact the Company's property occupancy and licence pricing. Amongst other factors, the general economic climate could be adversely impacted by increased and sustained inflation, or by further Covid19 restrictions.

Covid-19

The Company is reliant on its Residents and target customers returning to the office following the Covid-19 pandemic. In the event that there are further Covid-19 outbreaks or Government imposed restrictions, this could impact utilisation of the Company's buildings and accordingly revenue and the ability of the Company to fulfil its growth strategy. However, the Directors are confident in the resilience of the Company, given the freehold ownership of the Fora portfolio and the strength of the balance sheet of the wider Fora Group.

Employees

The Company relies on the quality of its people to deliver the levels of service to which its Residents are accustomed. Attracting and retaining high quality staff is a critical success factor and the Directors continue to focus on delivering excellent levels of staff retention and supporting staff with rigorous learning and development programmes.

Financial risks

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. During the reporting periods the Company was exposed to credit risks from both from its operating activities and financing activities, including deposits held with banks and financial institutions. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties.

The Company manages credit risk by requiring residents to pay licence fees and a deposit in advance. Outstanding trade receivables are regularly monitored. Cash balances are held only with financial institutions with high credit ratings. The Company has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

Fora Space Limited

**Strategic Report (continued)
For the Year Ended 31 December 2021**

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

This report was approved by the board on *1 September 2022* and signed on its behalf.



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S Boston

Director

Fora Space Limited

Directors' Report For the Year Ended 31 December 2021

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

Principal activity

The principal activity of the Company is the operation of flexible office space.

Ultimate controlling parties

The Company is ultimately controlled by Brockton Capital Fund III GP Limited, the General Partner of Brockton Capital Fund III (General Partner) LP, the General Partner of Brockton Capital Fund III LP.

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 9.

The Directors do not recommend the payment of a dividend (2020: £Nil).

Directors

The Directors who served during the year and to the date of this report were:

S Boston
M Marks
E Sanna
J Spencer
J Graham

Going concern

After making due and proper enquiries, the Directors have formed a judgement that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and on that basis the Directors continue to adopt the going concern basis in preparing the financial statements.

In reaching this conclusion the Directors have considered the loss for the reporting period, the net current liability position of the Company, the letter of financial support from the majority shareholder Brockton Capital Fund III LP and their trading forecasts. In considering appropriate sensitivities to trading forecasts the Directors have had particular regard to the Covid-19 pandemic and the impact that restrictions on the movement of people have had, and may continue to have, on the economy and their concomitant impact in reducing the demand for, utilisation of, and revenue generated from, flexible workspaces in the short-term. The Directors also note that all the Company's workspaces have remained open and Covid secure throughout the pandemic. The Directors remain confident that the Company is well placed to benefit from increasingly positive long-term prospects for the flexible workspace sector.

Post balance sheet events

On 14 March 2022 Fora and TOG (The Office Group) announced that they have agreed to merge and on 3 August 2022 the proposed merger was granted regulatory approval by the Competition and Markets Authority. The combined group's aim is to be a premier flexible workspace company in the UK and Europe, bringing together two highly complementary businesses with similar cultures and high quality, design-led workspaces. The proposed merger is expected to be finalised in the second half of 2022.

Fora Space Limited

**Directors' Report (continued)
For the Year Ended 31 December 2021**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

The auditors, BDO LLP, have expressed their willingness to continue in office and will be proposed for reappointment in accordance with The Companies Act 2006.

This report was approved by the Board on *1 September 2022* and signed on its behalf.



S Boston

Director

Fora Space Limited

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standard as adopted by the UK have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fora Space Limited

Independent Auditors' Report to the Members of Fora Space Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fora Space Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes of Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

We have nothing to report in this regard.

Fora Space Limited

Independent Auditors' Report to the Members of Fora Space Limited

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Fora Space Limited

Independent Auditors' Report to the Members of Fora Space Limited

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, financial reporting legislation, the Companies Act 2006, distributable profits legislation and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, review of board and committee meeting minutes, enquiries with management, enquiries of external legal advisors, review of correspondence with external legal advisors and review of external press releases.


We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. We addressed the risk of management override of internal controls through testing journals, in particular any entries posted with unusual account combinations or posted by senior management. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it

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

Use of our report

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

DocuSigned by:

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Geraint Jones (Senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date: 02 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Fora Space Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 £	2020 £
Revenue	4	33,793,728	31,912,291
Operating costs		(53,036,471)	(50,522,009)
Gross loss		(19,242,743)	(18,609,718)
Other income	6	386,033	696,313
Operating loss	5	(18,856,710)	(17,913,405)
Finance income	7	6,401	-
Finance costs	8	(10,864,300)	(10,021,203)
Profit / (loss) on disposal of property, plant and equipment		639	-
Loss on ordinary activities before taxation		(29,713,970)	(27,934,608)
Taxation on loss on ordinary activities	10	123,471	54,249
Loss and total comprehensive loss for the year		(29,590,499)	(27,880,359)

All results shown in the Statement of Comprehensive Income are from continuing operations.

All loss and total comprehensive loss is attributable to the equity holders of the Company.

The notes on pages 15 to 33 form part of these financial statements.

Fora Space Limited
Registered number:09826907

Statement of Financial Position
As at 31 December 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	11	304,639,148	264,312,924
		<u>304,639,148</u>	<u>264,312,924</u>
Current assets			
Inventory		496,885	477,662
Trade and other receivables: Amounts falling due after more than one year	12	3,600,000	3,948,000
Trade and other receivables	12	3,444,798	3,051,762
Corporation tax receivable		123,471	54,249
Cash and cash equivalents		9,286,567	2,268,376
		<u>16,951,721</u>	<u>9,800,049</u>
Total assets		<u>321,590,869</u>	<u>274,112,973</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	14	5,751,359	-
Obligations under leases	15	250,922,987	209,409,020
		<u>256,674,346</u>	<u>209,409,020</u>
Current liabilities			
Trade and other payables	13	12,127,012	11,276,132
Loans and borrowings	14	1,248,641	-
Obligations under leases	15	10,057,283	10,693,506
Intercompany loans	16	134,644,713	106,304,942
		<u>414,751,995</u>	<u>337,683,600</u>
Total liabilities		<u>414,751,995</u>	<u>337,683,600</u>
Net liabilities		<u>(93,161,126)</u>	<u>(63,570,627)</u>

Fora Space Limited
Registered number:09826907

Statement of Financial Position (continued)
As at 31 December 2021

	Note	2021 £	2020 £
Equity attributable to equity holders of the Company			
Share capital	19	5,000,000	5,000,000
Retained earnings		(98,161,126)	(68,570,627)
Total equity		<u>(93,161,126)</u>	<u>(63,570,627)</u>

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

1 September 2022



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S Boston

Director

The notes on pages 15 to 33 form part of these financial statements.

Fora Space Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	5,000,000	(68,570,627)	(63,570,627)
Comprehensive loss for the year			
Loss for the year	-	(29,590,499)	(29,590,499)
Total comprehensive loss for the year	-	(29,590,499)	(29,590,499)
At 31 December 2021	5,000,000	(98,161,126)	(93,161,126)

**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	5,000,000	(40,690,268)	(35,690,268)
Comprehensive loss for the year			
Loss for the year	-	(27,880,359)	(27,880,359)
Total comprehensive loss for the year	-	(27,880,359)	(27,880,359)
At 31 December 2020	5,000,000	(68,570,627)	(63,570,627)

The notes on pages 15 to 33 form part of these financial statements.

Fora Space Limited

**Statement of Cash Flows
For the Year Ended 31 December 2021**

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(29,590,499)	(27,880,359)
Adjustments for:		
(Profit) / loss on disposal of property, plant and equipment	(639)	-
Depreciation of property plant and equipment	25,255,806	21,992,270
Finance cost	10,864,300	10,021,203
Finance income	(6,401)	-
Taxation	(123,471)	(54,249)
Increase in inventory	(19,223)	(140,299)
Increase / (decrease) in trade and other receivables	(45,036)	329,707
(Decrease) / increase in trade and other payables	(330,976)	2,262,930
Corporation tax received	54,249	23,894
Net cash generated from operating activities	6,058,110	6,555,097
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,355,438)	(17,690,978)
Proceeds from sale of property plant and equipment	6,679	-
Capital contribution received	517,918	2,200,000
Net cash used in investing activities	(13,830,841)	(15,490,978)
Cash flows generated from financing activities (note 16)		
Proceeds from external borrowings	7,000,000	-
Loans received from / (repaid to) Group undertakings (net)	28,339,771	27,002,019
Lease payments	(20,555,250)	(18,593,454)
Interest paid	-	(5,200)
Interest received	6,401	-
Net cash generated from financing activities	14,790,922	8,403,365
Net increase / (decrease) in cash and cash equivalents	7,018,191	(532,516)
Cash and cash equivalents at beginning of year	2,268,376	2,800,892
Cash and cash equivalents at the end of year	9,286,567	2,268,376

The notes on pages 15 to 33 form part of these financial statements.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

The Company was incorporated on 15 October 2015 and is domiciled and registered as a limited company in the United Kingdom.

2. Significant accounting policies

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with adopted international accounting standards requires the use of certain critical accounting estimates. It also requires Company management 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 effects are disclosed in note 3.

The principal accounting policies adopted in these financial statements are set out below:

2.1 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis.

2.2 Going concern

After making due and proper enquiries, the Directors have formed a judgement that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and on that basis the Directors continue to adopt the going concern basis in preparing the financial statements.

In reaching this conclusion the Directors have considered the loss for the reporting period, the net current liability position of the Company, the letter of financial support from the majority shareholder Brockton Capital Fund III LP and their trading forecasts. In considering appropriate sensitivities to trading forecasts the Directors have had particular regard to the Covid-19 pandemic and the impact that restrictions on the movement of people have had, and may continue to have, on the economy and their concomitant impact in reducing the demand for, utilisation of, and revenue generated from, flexible workspaces in the short-term. The Directors also note that all the Company's workspaces have remained open and Covid secure throughout the pandemic. The Directors remain confident that the Company is well placed to benefit from increasingly positive long-term prospects for the flexible workspace sector.

2.3 Adoption of new and revised standards

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations have been adopted and have not had any significant impact on the amounts reported in these financial statements.

Standards affecting presentation and disclosure:

- Amendments to IFRS 16: COVID-19-Related Rent Concessions; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Significant accounting policies (continued)

Adoption of new and revised standards (continued)

New and revised IFRSs adopted by the United Kingdom that are not mandatorily effective for the year ending 31 December 2021

The following standards and amendments have been adopted by the United Kingdom but are not mandatorily effective for the year ending 31 December 2021. Accordingly, they have not been applied in preparing these financial statements:

- IFRS 17 (including the June 2020 amendments to IFRS 17): Insurance Contracts;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 8: Definition of Accounting Estimates; and
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Company is assessing the impact of the new standards and interpretations above but none of these are expected to have a significant effect on the financial statements of the Company.

2.4 Leased assets - IFRS 16

The Company allocates the consideration in a contract to each lease component on the basis of relative stand-alone selling prices. For each lease component, the Company recognises a right of use asset and lease liability at the lease commencement date.

Lease liabilities are presented as "obligations under leases" in the Statement of Financial Position. The lease liability is initially measured at the present value of future lease payments, discounted at the interest rate implicit in the lease. Where the implicit interest rate cannot be determined, the Company discounts the future lease payments using its incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method.

Right of use assets are presented within property, plant and equipment in the Statement of Financial Position. The right of use assets are initially measured at cost, representing the initial amount of the lease liability adjusted for any up-front lease payments, direct costs incurred or lease incentives received. Right of use assets are subsequently measured at cost less accumulated depreciation in accordance with IAS 16 Property, Plant and Equipment.

No right of use asset or lease liability is recognised in respect of leases with terms of 12 months or less or in relation to low value assets. Lease payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Significant accounting policies (continued)

2.5 Revenue

The Company sells short to medium term licences to access office accommodation ("Residencies", "Residents") which may include access to additional services such as internet, kitchens, communal areas, conference rooms, printing and copying facilities, concierge services, networking events, food and beverage and wellness services. Revenue consists primarily of licence fees from Residents and is recognised in the period to which the fees relate. Additional billings to Residents for ancillary services are also recognised as the services are provided. All services that are unused at the end of the month expire. Licence fees vary depending upon, for example, size, privacy and geographic location. Ancillary revenue from the sale of food and beverages and associated service fees is recognised at the point of sale of goods or supply of services.

The Company recognises revenue net of VAT and discounts. Revenues associated with Residencies on a month-to-month basis are recognised monthly as services are billed; revenues associated with longer term Residencies are recognised in accordance with the services provided over the term of the agreement, subject to cancellation or break terms.

2.6 Property, plant and equipment

Property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Furniture, fixtures & equipment	- 3 years (straight line)
Software development	- 3 years (straight line)
Leasehold improvements	- 3 years - over the term of the lease (straight line)
Right-of-use assets	- Over the term of the lease (straight line)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

The carrying values of fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the Statement of Comprehensive Income within operating profit / loss. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income up to the amount of the impairment loss previously recognised.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Significant accounting policies (continued)

2.7 Inventories

Inventories comprise food and drink held for re-sale within the Company's flexible workspaces. Inventories are valued at the lower of cost and estimated selling price less cost to sell. The cost is based on the purchase cost on a first-in, first-out basis. A provision is recognised for slow moving, obsolete and defective inventories where necessary.

2.8 Financial assets and liabilities

Financial assets

The Company classifies its financial assets into one of the categories set out below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Fixed assets that are classified as fair value through profit or loss are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income in the finance income or costs line.

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

The Company's financial assets measured at amortised cost in the Statement of Financial Position comprise trade and other receivables and cash and cash equivalents.

These assets arise principally from the licensing of office space to residents, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. 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 method, less provision for impairment. Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Impairment provisions for trade and other receivables are recognised based on an assessment of the recoverability of the individual balances. In determining the expected credit losses for these assets, the Directors of the Company have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Significant accounting policies (continued)

Financial assets and liabilities (continued)

Financial liabilities

The Company classifies its financial liabilities as 'other financial liabilities'. The Company's accounting policy for other financial liabilities is outlined below.

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.9 Fair value estimations

The fair value of financial instruments measured at amortised cost is disclosed in the financial statements.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants, acting in their economic best interest, at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In determining fair value, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs significant to the fair value measurement as a whole. The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Significant accounting policies (continued)

Fair value estimations (continued)

Inputs used in determining fair value measurement are categorised into one of the levels below based on how observable the inputs used are:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

2.10 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case, the tax is also recognised in other comprehensive income or equity. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.11 Provisions

Provisions are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of economic resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Significant accounting policies (continued)

2.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.13 Government grants

Government grants are recognised in the Statement of Comprehensive Income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. A government grant that becomes 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 is recognised in the Statement of Comprehensive Income of the period in which it becomes receivable. Government grants related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

2.14 Functional currency

The Company's financial statements are presented in pounds sterling, the Company's functional currency, and are generally rounded to the nearest pound.

2.15 Principles for the Statement of Cash Flows

The Statement of Cash Flows has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities (where applicable). The net result has been adjusted for amounts in the Statement of Comprehensive Income and movements in the Statement of Financial Position which have not resulted in cash income or expenditure in the period.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of critical judgement, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates will, by definition, rarely equal the related actual results.

i) Impairment of property, plant and equipment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount is greater than its recoverable amount.

Any reasonable change in the above estimate is not expected to have a material impact on the financial statements.

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

4. Revenue

	2021 £	2020 £
Income from flexible workspaces	<u>33,793,728</u>	<u>31,912,291</u>

All revenue in the current and preceding year arose within the United Kingdom.

5. Operating loss for the year

Operating loss is stated after charging:

	2021 £	2020 £
Audit fees	42,000	42,000
Non-audit fees	31,327	79,743
Depreciation (note 11)	25,255,806	21,992,270
Staff costs (note 9)	<u>8,113,378</u>	<u>7,736,591</u>

6. Other income

	2021 £	2020 £
Government grants	<u>386,033</u>	<u>696,313</u>

Government grants comprise amounts claimed by the Company under the Coronavirus Job Retention Scheme.

7. Finance income

	2021 £	2020 £
Other interest receivable	<u>6,401</u>	<u>-</u>

8. Finance costs

	2021 £	2020 £
Other loan interest	-	5,200
Lease interest expense	10,864,300	10,016,003
	<u>10,864,300</u>	<u>10,021,203</u>

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

9. Staff costs

The aggregate payroll costs (excluding Directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	6,142,496	5,878,352
Social security costs	528,604	424,170
Staff pension costs	88,449	90,541
	<u>6,759,549</u>	<u>6,393,063</u>

The aggregate payroll costs for Directors were as follows:

	2021 £	2020 £
Wages and salaries	1,105,229	1,097,000
Social security costs	148,683	147,434
Staff pension costs	2,638	2,627
Other fees	97,279	96,467
	<u>1,353,829</u>	<u>1,343,528</u>

The highest paid Director received remuneration of £855,000 (2020: £850,000).

In the opinion of the Directors there are no additional key management personnel.

The average number of persons employed by the Company during the year, was as follows:

	2021 No.	2020 No.
Employees	<u>162</u>	<u>155</u>

10. Taxation

	2021 £	2020 £
Current tax		
Overprovision in respect of prior years	(123,471)	(54,249)
Total current tax	<u>(123,471)</u>	<u>(54,249)</u>

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

10. Taxation (continued)

Factors affecting tax credit for the year

The tax on the Company's loss differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Company as follows:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(29,713,970)</u>	<u>(27,934,608)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%).	(5,645,654)	(5,307,575)
Effects of:		
Non-tax deductible expenditure	1,519,458	1,411,729
Capital allowances	(29,731)	(2,777)
Over provision in respect of prior years	(123,471)	(54,249)
Tax losses carried forward	3,696,700	3,825,898
Tax losses surrendered to group entity	459,227	72,725
Total tax credit for the year	<u><u>(123,471)</u></u>	<u><u>(54,249)</u></u>

There is a potential deferred tax asset in respect of tax losses and deferred capital allowances as at 31 December 2021 of £22,888,311 (2020: £12,160,397). However, it is not considered that this asset should be recognised in the accounts given the uncertainty over the timing of when it will reverse. The tax rate applied to calculate the deferred tax asset is 25% (2020: 19%). There are no other deferred tax balances as at 31 December 2021 (2020: £Nil).

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

11. Property, plant and equipment

	Right-of- use assets £	Leasehold improvements £	Furniture, fixtures & equipment £	Software development £	Total £
Cost					
At 1 January 2021	228,154,270	61,866,752	12,040,542	898,965	302,960,529
Additions	51,602,312	10,132,310	3,335,069	518,379	65,588,070
Disposals	-	-	(26,545)	-	(26,545)
At 31 December 2021	<u>279,756,582</u>	<u>71,999,062</u>	<u>15,349,066</u>	<u>1,417,344</u>	<u>368,522,054</u>
Depreciation					
At 1 January 2021	24,851,117	7,335,661	5,904,765	556,062	38,647,605
Charge for the year	16,931,837	4,628,913	3,473,567	221,489	25,255,806
Disposals	-	-	(20,505)	-	(20,505)
At 31 December 2021	<u>41,782,954</u>	<u>11,964,574</u>	<u>9,357,827</u>	<u>777,551</u>	<u>63,882,906</u>
Net book value					
At 31 December 2021	<u><u>237,973,628</u></u>	<u><u>60,034,488</u></u>	<u><u>5,991,239</u></u>	<u><u>639,793</u></u>	<u><u>304,639,148</u></u>
At 31 December 2020	<u><u>203,303,153</u></u>	<u><u>54,531,091</u></u>	<u><u>6,135,777</u></u>	<u><u>342,903</u></u>	<u><u>264,312,924</u></u>

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

12. Trade and other receivables

	2021 £	2020 £
Due after more than one year		
Rent deposits receivable	3,600,000	3,948,000
	<u>3,600,000</u>	<u>3,948,000</u>
	2021 £	2020 £
Due within one year		
Trade receivables	143,008	888,568
Other receivables	1,365,965	443,221
Prepayments and accrued income	1,853,977	1,573,672
VAT repayable	81,848	146,301
	<u>3,444,798</u>	<u>3,051,762</u>

13. Trade and other payables

	2021 £	2020 £
Trade payables	2,812,357	971,999
Other payables	4,265,374	2,862,606
Accrued expenditure	4,183,245	6,738,708
Deferred income	866,036	702,819
	<u>12,127,012</u>	<u>11,276,132</u>

Trade payables included amount of £nil (2020: £1,232) due to Fora Thames Tower Limited, a company under common control.

Trade payables are non-interest bearing and are normally settled on 30 day terms.

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

14. Loans and borrowings

			2021 £	2020 £
	Interest rate	Maturity date		
Fixed term loan	0%	June 2024	<u>7,000,000</u>	<u>-</u>

On 10 December 2021, the Company entered into a fixed term loan agreement, based on the terms disclosed above. The loan is repayable in quarterly instalments with the first payment due in September 2022 and maturing in June 2024.

15. Obligations under leases

The Company owns long-leasehold interests in its properties.

The fair value of the Company's lease obligations approximates their carrying value. Future minimum lease commitments under leases together with the present value of the net minimum lease commitments, are as follows:

	Minimum lease commitments 2021 £	Minimum lease commitments 2020 £
Within 1 year	21,442,865	20,259,378
After 1 year but not more than 5	104,692,615	84,488,347
More than 5 years	225,033,238	193,559,335
	<u>351,168,718</u>	<u>298,307,060</u>
 Total minimum lease commitments	 351,168,719	 298,307,060
Less future finance charges	(90,188,449)	(78,204,534)
 Present value of minimum lease commitments	 <u>260,980,270</u>	 <u>220,102,526</u>

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

15. Obligations under leases (continued)

	Present value of net minimum lease commitments 2021 £	Present value of net minimum lease commitments 2020 £
Within 1 year	10,057,283	10,693,506
After 1 year but not more than 5	65,007,382	51,447,191
More than 5 years	185,915,605	157,961,829
	<u>260,980,270</u>	<u>220,102,526</u>
Analysed as:		
Obligations under leases	10,057,283	10,693,506
Non-current obligations under leases	250,922,987	209,409,020
	<u>260,980,270</u>	<u>220,102,526</u>

The Company has entered into leases on its property classified within property, plant and equipment. The commercial property leases have remaining lease terms of up to 18 years (2020: 19 years) and include clauses which may allow for upward revision of the rental charges according to prevailing market conditions. The Company has calculated the present value of net minimum lease commitments using a discount rate of 4.5% which is the Company's incremental borrowing rate. The right of use assets are carried at historical cost less accumulated depreciation within property, plant and equipment (note 11).

16. Intercompany loans

			2021 £	2020 £
	Interest rate	Maturity date		
Intercompany loan	0%	Payable on demand	<u>134,644,713</u>	<u>106,304,942</u>

On 21 December 2018, the Company entered into a £30,000,000 loan agreement with its immediate parent company, Fora Holdings Limited, based on the terms disclosed above. This loan agreement replaced the previous loan agreement, entered into on 30 June 2016. On 30 March 2020, the loan facility limit was extended to £100,000,000 and on 12 May 2021 it was further extended to £120,000,000. All other terms remained the same. On 9 March 2022, the loan facility limit was further extended to £185,000,000 with all other terms remaining the same.

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

17. Notes supporting statement of cash flows

	Intercompany loans (Note 16) £	Obligations under leases (Note 15) £	Loans and borrowings (Note 14) £	Total £
At 1 January 2020	(79,302,923)	(186,340,807)	-	(265,643,730)
Cash flows	(27,002,019)	18,593,454	-	(8,408,565)
Other movements	-	(42,339,170)	-	(42,339,170)
Interest accruing in the year	-	(10,016,003)	-	(10,016,003)
At 31 December 2020	(106,304,942)	(220,102,526)	-	(326,407,468)
Cash flows	(28,339,771)	20,555,250	(7,000,000)	(14,784,521)
Other movements	-	(50,568,694)	-	(50,568,694)
Interest accruing in the year	-	(10,864,300)	-	(10,864,300)
At 31 December 2021	<u>(134,644,713)</u>	<u>(260,980,270)</u>	<u>(7,000,000)</u>	<u>(402,624,983)</u>

18. Financial risk management objectives and policies

The Company's principal financial liabilities comprise intercompany loans and trade and other payables. The main purposes of the Company's intercompany loans are to finance the fit out of flexible office spaces and to provide working capital for operations. The Company has financial assets such as other receivables and cash and short-term deposits that arise directly from its operations.

The Board of Directors reviews and agrees policies for managing each of the following risks summarised below:

Market risk

The Company does not have any material exposure to foreign currencies and is therefore not exposed to foreign exchange risk.

The Company is not exposed to commodity or security price risk.

Beyond risks associated with financial instruments, the Company is exposed to general market risk associated with the economic climate in the UK and any impact this may have on demand and supply in the market for office property, prevailing lease prices and property values and the demand and market pricing for flexible office services. A decline in demand for flexible office services could adversely impact the Company's property occupancy and licence pricing.

Interest rate risk

The Company is not exposed to interest rate risk on its loans and borrowings or intercompany loans (note 14/16).

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

18. Financial risk management objectives and policies (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has no significant concentrations of credit risk. During the reporting periods the Company was exposed to credit risks from both from its operating activities and financing activities, including deposits held with banks and financial institutions. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties.

The Company manages credit risk by requiring residents to pay licence fees in advance. Outstanding trade receivables are regularly monitored. Cash balances are held only with financial institutions with high credit ratings. The Company has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted cash flows:

Financial assets

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2021					
Trade and other receivables	-	1,508,973	3,600,000	-	5,108,973
Cash and cash equivalents	9,286,567	-	-	-	9,286,567
Total assets	9,286,567	1,508,973	3,600,000	-	14,395,540

Financial liabilities

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2021					
Trade and other payables	-	11,260,976	-	-	11,260,976
Loans and borrowings	-	1,248,641	5,751,359	-	7,000,000
Intercompany loans	134,644,713	-	-	-	134,644,713
Obligations under leases	-	10,057,283	65,007,382	185,915,605	260,980,270
Total liabilities	134,644,713	22,566,900	70,758,741	185,915,605	413,885,959

Fora Space Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

18. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Financial assets

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2020					
Trade and other receivables	-	1,331,789	3,948,000	-	5,279,789
Cash and cash equivalents	2,268,376	-	-	-	2,268,376
Total assets	<u>2,268,376</u>	<u>1,331,789</u>	<u>3,948,000</u>	<u>-</u>	<u>7,548,165</u>

Financial liabilities

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2020					
Trade and other payables	-	10,573,313	-	-	10,573,313
Intercompany loans	106,304,942	-	-	-	106,304,942
Obligations under leases	-	10,693,506	51,447,191	157,961,829	220,102,526
Total liabilities	<u>106,304,942</u>	<u>21,266,819</u>	<u>51,447,191</u>	<u>157,961,829</u>	<u>336,980,781</u>

The Directors have assessed that the carrying values of the Company's financial instruments approximate to their fair values.

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
5,000,000 (2020: 5,000,000) ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>

On 15 October 2015, the date of incorporation, the Company issued 1 ordinary share of £1 at par to Fora Property Holdings Limited. On 18 May 2016 the share was transferred to Fora Holdings Limited at nominal value.

On 21 December 2018, the Company issued 4,999,999 ordinary shares of £1 each for total consideration of £4,999,999.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

20. Reserves

A description of the Company's reserves is as follows:

The share capital reserve represents the nominal value of the shares issued.

The retained earnings reserve represents cumulative profit and losses, net of dividends paid and other adjustments.

21. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Included in intercompany loans (note 16) is the loan received from the parent entity, which the Company considers subordinated to all the liabilities and manages it as capital.

The Directors monitor capital on the basis of the net assets attributable to the owners of the parent.

22. Capital commitments

The Company had outstanding capital commitments, not recognised as liabilities, for additions of property, plant and equipment at the reporting date of £ 3,723,753 (2020: £2,421,045).

Brockton Capital Fund III GP Limited, the General Partner of Brockton Capital Fund III (General Partner) LP, the General Partner of Brockton Capital Fund III LP and ultimate controlling party of the Company has procured letters of credit for amounts totalling £10,120,400 (2020: £8,450,000) in lieu of rent deposits which would otherwise be payable by the Company.

23. Related party transactions

Fora Holdings Limited, a Guernsey registered company, is the immediate parent and sole owner of the issued share capital of the Company.

The Company has provided security over its assets in its capacity as operator of flexible office space at properties owned by fellow subsidiaries Lever Street Limited, Dallington Street Limited, Princelet Street Limited, Brandon House Limited, Eastcastle Street Limited, Folgate Street Limited, Broadwick Street Limited and Southwark Bridge Road Limited which entered into a cross-collateralised loan facility with Ilmarinen Mutual Pension Insurance Company and Kookmin Bank Co Ltd as Trustee of Samsung SRA Private Real Estate Fund No. 50-1 on 23 August 2019.

During the year, the Company paid a rental expense of £14,623,645 (2020: £14,475,600) and was recharged expenses of £296,782 (2020: £631,924) by companies under common control.

During the year, the Company incurred a licence fee of £1,338,942 (2020: £1,374,907) to Fora Thames Tower Limited, a company under common control.

Transactions and balances with related parties during the year and as at the Statement of Financial Position date, respectively, have been disclosed in notes 5, 9, 13, 15, 16, 19 and 22.

Fora Space Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

24. Ultimate parent undertaking and controlling party

In the opinion of the Directors the ultimate parent undertaking and controlling party is Brockton Capital Fund III GP Limited, the General Partner of Brockton Capital Fund III (General Partner) LP, the General Partner of Brockton Capital Fund III LP.

25. Post balance sheet events

On 14 March 2022 Fora and TOG (The Office Group) announced that they have agreed to merge and on 3 August 2022 the proposed merger was granted regulatory approval by the Competition and Markets Authority. The combined group's aim is to be a premier flexible workspace company in the UK and Europe, bringing together two highly complementary businesses with similar cultures and high quality, design-led workspaces. The proposed merger is expected to be finalised in the second half of 2022.