TOG UK Properties Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 11812838

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TOG UK Properties Limited

Company Information

Directors	G Kataky M Green J Blank O Olsen E Sanna
Registered number	11812838
Registered office	The Smiths Building 179 -185 Great Portland Street London W1W 5PL
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

TOG UK Properties Limited

Contents

	Page
Directors' report	1 - 5
Independent auditor's report to the members of TOG UK Properties Limited	6 - 9
Statement of profit and loss and other comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 34

TOG UK Properties 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 and business review

The principal activity of TOG UK Properties Limited ("the Company") is the acquisition and development of leasehold and freehold properties, and the provision of flexible office space and related services.

The Company is an indirect subsidiary of Cheetah Holdco Limited, the indirect parent of the trading entities hereafter referred to as The Office Group (TOG) ("the Group").

The performance of the buildings owned and operated by the Company has been impacted by the COVID-19 pandemic, but the Company responded and was able to adapt adequately to the changes and economic impact, and continued trading throughout 2021, with all buildings remaining in operation.

The Company has seen lower than anticipated occupancy and licence fee rates during 2021 due to the COVID-19 pandemic, but managed to continue building a strong portfolio of clients and maintained comparatively good occupancy levels.

Further details of the Company's performance as part of the Group is given in the accounts of Cheetah Holdco Limited, the Company's ultimate UK parent company.

Directors

The directors who served during the year and up to the date of signing this report were:

G Kataky
C Green (resigned 19 September 2022)
M Green
J Blank (appointed 19 September 2022)
O Olsen (appointed 19 September 2022)
E Sanna (appointed 19 September 2022)

Dividends

The directors did not declare a dividend in the year (2020 - £Nil).

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Directors responsibilities (continued)

- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Principal risks and uncertainties

Economic Downturn

A significant portion of the Company's costs are fixed which creates a risk to profitability if either occupancy or license fee rates fall. Although a significant portion of the Company's regular operating costs are fixed, some will be impacted by rising inflation and energy price increases. As well as continuing to monitor licence fee rates, occupancy and costs we also have a dedicated Procurement team who negotiate cost efficient contracts and where possible make our buildings as energy efficient as we can to control costs. The Company monitors occupancy and license fee rates on a weekly basis. The Company's clients are from a diverse range of industries. TOG's mixed portfolio of freeholds and leaseholds helps to mitigate this risk to an extent as its EBITDA margins are higher than would otherwise be possible with a pure leasehold model, reducing the exposure to falls in income. EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

This risk is further mitigated by TOG's strategy of providing a long term home for businesses as well as its emphasis on central London, the largest flexible office market in the world. This is further evidenced by the increase in longer term commitments from clients over the last twelve months.

On 23 June 2016, the UK voted to leave the European Union (EU). On 31 January 2020 the UK left the EU after consensus was reached by the two parties on a withdrawal agreement. Britain's decision to leave the EU has not had any adverse impact on the business to date. The Company has found that the economic uncertainty created has increased demand for flexible workspace by clients wishing to avoid long term lease commitments. TOG's international expansion into Germany further mitigates the risk by providing greater opportunities for market growth and diversification.

While the economy is recovering, short- and medium-term inflationary pressures are becoming embedded in market expectations. To monitor the effects of this on the Company, we regularly track the construction costs of developments versus expectations and any inflationary impacts on those costs to understand the impact on our business.

The latter part of 2022 has seen interest rates rise in the UK as the Bank of England tries to tackle inflation. Although the TOG group has debt facilities in place these are fully hedged with an interest rate cap instrument against interest rate rises as per a condition of the facility agreements and will continue to be hedged for the duration of the facilities. TOG is formulating its approach to take advantage of the interest rate rises given its large cash balances held. Although there is a weakening of the pound the impact on the business is minimal as its only activity overseas is concentrated to Germany with no current plans to expand in any other overseas territories.

Principal risks and uncertainties (continued)

COVID-19 uncertainty

The Company's performance during the year was impacted by the coronavirus pandemic but to a much lesser extent than in 2020. Occupancy for the Company for December 2021 was 75% vs 64% at December 2020. The main risk to the Company in relation to the pandemic is the potential emergence of new variants and the efficacy of vaccines to new strains, necessitating further lockdowns but this risk has reduced substantially.

The directors have considered the going concern assumption in light of COVID-19 and the potential ongoing impact on customers and the underlying performance of the Group's assets. Given the impact on the ways people work as a result of the pandemic, this is expected to increase the demand for TOG's product. TOG has confidence that this trend will continue as people have now, at least in part, returned to the offices and companies are permanently adjusting their real estate strategies to incorporate a higher proportion of flexible office space. This is particularly true of well-designed, modern office space, which is becoming an increasingly important part of the overall employee offer. This is further evidenced by the growing number of listed landlords who are recognising this shift and increasing their exposure to the sector. Based on the Group's continued forecast liquidity, the directors still consider it appropriate to prepare the accounts on a going concern basis.

Client Retention

The majority of clients are bound to commitments of 12-36 months. The Company manages this risk by monitoring the proportion of revenue from clients having a policy of not over committing to licensing to one client, having a proactive and early renewals process and staggering the exit of larger clients over several months. The Company is increasingly offering longer term commitments to larger clients, further mitigating the risk of losing clients.

Financial Market Volatility

TOG has existing facilities through a funding package of senior and mezzanine debt provided by 3 lenders. There is a risk that these loans may not be refinanced at competitive prices, or at all, due to market volatility at the time of refinancing. The funding requirements of the Company are reviewed regularly and options for alternative sources of funding monitored. Existing arrangements will mature in February 2024.

Business Interruption

The business could be adversely affected by major external events which could result in TOG being unable to carry out its business for a sustained period. TOG has business continuity plans and procedures in place and benefits from the growing diversity of its portfolio across London. TOG has taken the necessary steps to make its buildings safe for clients, with workspaces supporting physical distancing and new health and safety protocols.

Regulatory Risk

The directors ensure the Group complies with, and where possible is ahead of current regulations. As a matter of policy, the Group compliance checks all clients against leading databases and conducts annual independent audits of clients' files, going further than is currently recommended as industry best practice. The Group also monitors sanction lists on a regular basis to ensure the latest restrictions are adhered to. Another key area of focus is the requirement to comply with increasing health and safety as well as environmental regulations. This is one of the factors driving the development of the flexible office market due to the increasing administrative burden it forces on small businesses.

Going concern

The Company reports a loss of £3,552k (2020 - profit of £4,343k) for the year. The Company has net current liabilities of £23,316k (2020 - £18,840k) and net assets of £6,767k (2020 - £9,319k), with cash and cash equivalents of £3,030k (2020 - £2,901k).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Cheetah Holdco Limited, to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on Cheetah Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £17,939k, and providing additional financial support during the going concern assessment period. The directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, indicating its intent to provide additional funding as is needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. Cheetah Holdco Limited has received a similar letter from its direct parent Cheetah Wild Holdco Limited (Jersey) which has also received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners Europe V and Blackstone Real Estate Partners VIII. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have also noted that on 19 September 2022, through the creation of a joint venture parent undertaking Concert JV Holdco Limited, incorporated in Jersey and backed by Blackstone Real Estate Partners and Brockton Capital, the Cheetah Holdco Limited group merged with another flexible workspace provider the Fora Group Holdings Limited group.

Having considered this change in its ultimate ownership structure, the directors do not anticipate that the merger will result in any significant changes in the organisation of the business in the going concern period and so have concluded that it does not affect the company's going concern assessment.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Share issue

On 22 December 2021 1,000,000 Ordinary shares were issued for £1 each for cash.

Disclosure of information to auditor

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

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

Small companies note

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

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

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M Green
Director

Date: 09/12/2022

KPMG

Independent Auditor's Report to the Members of TOG UK Properties Limited

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Opinion

We have audited the financial statements of TOG UK Properties Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

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 UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

KPMG

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates such as impairment and revaluation assumptions; and
- the risk that licence fee revenue is recorded in the wrong period.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Fraud and breaches of laws and regulations - ability to detect (continued)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial period is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

KPMG

Directors' responsibilities

As explained more fully in their statement set out on page 1 - 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

PBarron

Paul Barron (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

Date: 9th December 2022

Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue	4	**11,038**	937
Operating costs	5	**(6,390)**	(2,098)
Movement in fair value of investment properties	11	**(4,350)**	10,302
Operating profit		**298**	9,141
Interest payable and similar charges		**(3,765)**	(2,519)
(Loss)/profit before tax		**(3,467)**	6,622
Tax on (loss)/profit	9	**(85)**	(2,279)
(Loss)/profit for the financial year		**(3,552)**	4,343

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 13 to 34 form part of these financial statements.

TOG UK Properties Limited
Registered number: 11812838

Balance sheet
as at 31 December 2021

	Note		2021 £000		2020 £000
Fixed assets					
Property, plant and equipment	10		**18,412**		14,455
Investment property	11		**109,969**		117,967
			128,381		132,422
Current assets					
Debtors (including £Nil (2020 - £95k) due after more than one year)	12	**3,863**		5,146	
Cash and cash equivalents		**3,030**		2,901	
		6,893		8,047	
Creditors: amounts falling due within one year	13	**(30,209)**		(26,887)	
Net current liabilities			**(23,316)**		(18,840)
Creditors: amounts falling due after more than one year	14		**(94,753)**		(100,802)
Provisions for liabilities					
Deferred taxation	16		**(3,545)**		(3,461)
Net assets			**6,767**		9,319
Capital and reserves					
Share capital	17		**1,000**		-
Retained Earnings			**5,767**		9,319
			6,767		9,319

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

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

....

M Green
Director

Date: 09/12/2022

The notes on pages 13 to 34 form part of these financial statements.

TOG UK Properties Limited

Statement of Changes in Equity
for the Year Ended 31 December 2021

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	-	4,976	4,976
Comprehensive income for the year			
Profit for the year	-	4,343	4,343
Balance at 31 December 2020	-	9,319	9,319
Comprehensive loss for the year			
Loss for the year	-	(3,552)	(3,552)
Contributions by and distributions to owners			
Shares issued during the year	1,000	-	1,000
Balance at 31 December 2021	1,000	5,767	6,767

The notes on pages 13 to 34 form part of these financial statements.

1. General information

TOG UK Properties Limited is a private company, limited by shares, registered in England and Wales and domiciled in the United Kingdom. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

The Company's parent undertaking TOG 4 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of TOG 4 Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House.

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

New standards, interpretations and amendments adopted from 1 January 2021

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

New standards, interpretations and amendments not yet effective

The following UK-adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments, which have been issued by the IASB but have not yet been adopted by the UKEB, are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Company is currently assessing the impact of these new accounting standards and amendments.

Other

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

Profit and loss account presentation

The directors have reviewed the presentation of the profit and loss account and consider items to be more appropriately presented using the "by nature" format as this benefits the reader of the financial statements. Detail on the nature of the expenses incurred during the year can be seen in more detail under note 5. In preparing the financial statements the "by nature" format has been adopted. This has also been applied to the comparative financial information and this has been represented onto the same basis. The adjustments have not affected previously reported profit or loss or net assets.

2. Accounting policies (continued)

2.2 Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

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

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

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.3 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Non-property leases are subsequently measured at cost less depreciation, calculated on the straightline over the non-cancellable term of the lease - similar to other items of property, plant and equipment.

Refer to Investment property accounting policy for details on subsequent measurement of right of use assets.

2. Accounting policies (continued)

2.3 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The incremental borrowing rate is derived from the real estate property yields, and considers the terms of the lease and economic factors.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Variable payments that depend on an index or a rate, or are subject to market rent review, are included in the initial measurement of the lease using the index or rate as at the commencement date. The lease liability and ROU assets is remeasured in the period the rate or index changes.

In-substance fixed payments are included in the initial measurement of the lease. The lease is remeasured in the period in-substance fixed payments are changed or are resolved.

All other variable payments are not included in the initial measurement of the lease. These payments are recognised in profit or loss when the event or condition that triggers the payments occur.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low value-leases are considered to be all leases where the individual value of the underlying assets is below £500, or where the lease is equal to or shorter than one year.

2. Accounting policies (continued)

2.3 Leases (continued)

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company's licensing agreements are not classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets, and the licence holder does not have the right to direct the use of the asset. The Company recognises licence fee payments received under licence agreements as income on a straight-line basis over the lease term as part of 'revenue'.

2.4 Judgements and key areas of estimation uncertainty

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

2.5 Going concern

The Company reports a loss of £3,552k (2020 - profit of £4,343k) for the year. The Company has net current liabilities of £23,316k (2020 - £18,840k) and net assets £6,767k (2020 - £9,319k), with cash and cash equivalents of £3,030k (2020 - £2,901k).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Cheetah Holdco Limited, to meet its liabilities as they fall due during the going concern assessment period.

2. Accounting policies (continued)

2.5 Going concern (continued)

This assessment is dependent on Cheetah Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £17,939k, and providing additional financial support during the going concern assessment period. The directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, indicating its intent to provide additional funding as is needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. Cheetah Holdco Limited has received a similar letter from its direct parent Cheetah Wild Holdco Limited (Jersey) which has also received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners Europe V and Blackstone Real Estate Partners VIII. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have also noted that on 19 September 2022, through the creation of a joint venture parent undertaking Concert JV Holdco Limited, incorporated in Jersey and backed by Blackstone Real Estate Partners and Brockton Capital, the Cheetah Holdco Limited group merged with another flexible workspace provider the Fora Group Holdings Limited group.

Having considered this change in its ultimate ownership structure, the directors do not anticipate that the merger will result in any significant changes in the organisation of the business in the going concern period and so have concluded that it does not affect the company's going concern assessment.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.6 Investment property

Investment property comprises completed property that is held to earn rental income or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Right of use investment property

The right of use assets arising from property leases is subsequently remeasured to fair value in line with IAS 40 Investment Properties, with remeasurement being recognised in the statement of profit and loss. Remeasurement is made on reporting date, and fair value movement is calculated as the difference between the present value of current passing lease or lease payments over the fixed term of the lease, and the present value of market-related lease payments over the same term. The discount rate applied is the same discount rate as applied to discount future cash flows to calculate the lease liability at recognition date.

In addition, the right of use asset is periodically reduced by impairment losses, if any. The right of use asset will indirectly also be adjusted for certain remeasurements of the lease liability, by virtue of the cash flows and term of the lease being adjusted.

Leasehold right of use assets were remeasured to fair value at 31 December 2020 by the directors of the Company, using market inputs and other market information to derive the fair values in line with the accounting policy.

2. Accounting policies (continued)

2.7 Financial assets

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

2.7.1 Loans and receivables

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

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

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

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

2. Accounting policies (continued)

2.8 Financial liabilities

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

2.8.1 Fair value through profit or loss

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

2.8.2 Other financial liabilities

Other financial liabilities include the following items:

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

2.9 Offsetting financial instruments

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

2.10 Property, plant and equipment

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

Depreciation is provided on items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures and fittings	-	20% on cost
Short-term leasehold property	-	over the period of the lease

Depreciation is not charged on short-term leasehold property until open and available for use.

2. Accounting policies (continued)

2.11 Revenue

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

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

The directors are of the opinion that the Company is engaged in a single segment, being the investment in and operation of flexible workspaces in the UK only.

The Company generates licence fee revenue from licence agreements and rental income from traditional leases that are similar in substance. Revenue from licence agreements is recognised over time in line with IFRS 15 'Revenue from Contracts with Customers' and rental income from leases, where relevant, is recognised over time in line with IFRS 16 'Leases'.

The method of revenue recognition is the same under IFRS 15 and IFRS 16 for the licence fee and rental income generated by the Group.

3. Critical accounting estimates and judgements

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

Fair value measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value.

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

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

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

The Company measures investment property items at fair value.

Fair valuation of investment property

Right of use assets (short leasehold)

Estimated market rental values (ERVs) of each active lease in the portfolio are used to calculate net present value of the market based fixed lease cash flows. The estimated market rental values for the remainder of the leases are used to the estimate the fair value of the right-of-use asset, by discounting to present value using the incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the group would be required to borrow at to obtain a similar value right-of-use asset over a similar term, and is based on the Group's effective interest rate at 31 December 2021, which is a floating rate of 3.61% based on LIBOR plus margin of 2.62%.

Market inputs and other market information used in determining the fair values of Investment properties (including right of use assets), were provided as part of a market advice engagement, by a qualified RICS registered global commercial real estate services firm.

3. Critical accounting estimates and judgements (continued)

Leases

The Company has made key judgements in the process of applying the entity's accounting policies for leases under IFRS 16, that have a significant effect on the amounts recognised in the financial statements. The Company has also made assumptions about the future which impact the business.

Critical judgements made as part of initial application and subsequent measurement of the leases under IFRS 16:

- Extension options beyond the term defined in the lease agreements have not been considered when calculating the present value of lease liabilities.

  As at 31 December 2021, it is not certain whether extension options will be exercised, as the performance of leased buildings cannot be forecast or analysed accurately enough to conclude on.

Key sources of estimation and uncertainty include:

- The discount rate applied for the lease held by the Company, was derived from the average property yields for prime commercial office space in London, based on current market data.

  An incremental borrowing rate was not used to derive the discount rate, as the Company is outside of the group's external financing perimeter, and therefore an incremental borrowing rate is not readily available.

  The discount rate applied to discount future lease cash flows to present value for leases in the Company is 3.75% and has not been adjusted for the term of the lease or other risk factors.

  Historic trends in property yields were considered when deriving the discount rate, and no significant future fluctuations from historic trends were assumed.

- No estimates have been made regarding variable lease payments subject to open market rent reviews required as part of lease agreements.

  Lease liabilities will be remeasured in line with requirements of IFRS 16 in the year that open market rent reviews are completed and future cash flows are accurately determinable.

- Estimated market rental values (ERVs) of each active lease in the portfolio are used to calculate net present value of the market based fixed lease cash flows. The estimated market rental values for the remainder of the leases are used to the estimate the fair value of the right-of-use asset, by discounting to present value using a discount rate derived from property yields. The property yield rate reflects 5 year average market property yields of commercial office buildings in similar areas as those operated by the Company.

4. Revenue

Revenue arising from:

	2021 £000	2020 £000
Licence fee and rental income - IFRS 15	**3,344**	123
Other services income - IFRS 15	**394**	495
Licence fee and rental income - IFRS 16	**7,300**	319
	11,038	937

All turnover arose within the United Kingdom.

Of the revenue recognised in line with IFRS 15 'Revenue from Contracts with Customers', £371k (2020 - £19k) was recognised at a point in time, and the remainder was recognised over time.

5. Operating costs

	2021 £000	2020 £000
Building operating costs	**2,374**	286
Staff related costs	**330**	66
Depreciation and amortisation	**980**	105
Other operating costs	**2,706**	1,641
	6,390	2,098

6. Auditor's remuneration

Auditor's remuneration of £33k (2020 - £16k) which is borne by The Office Group Properties Limited (2020 - The Office Islington Limited) is not represented in the profit and loss account.

7. Employees

There were no employees for the year ended 31 December 2021 nor for the year ended 31 December 2020. Management services are provided to the Company by The Office Islington Limited, a fellow group company, until 10 March 2021 and by The Office Group Properties Limited from 11 March 2021, and are recognised as recharged salary costs.

	2021 £000	2020 £000
Wages and salaries	**287**	58
Social security contributions and similar taxes	**27**	5
Pension costs	**13**	3
	327	66

8. Directors remuneration

The cost of directors' remuneration is borne by Cheetah Holdco Limited, an intermediate parent company. The below disclosed remuneration represents the amount allocated for their qualifying services in respect of the Company.

	2021 £000	2020 £000
Wages and salaries	**89**	30
Social security contributions and similar taxes	**8**	4
Pension costs	**2**	1
	99	35

The aggregate of remuneration of the highest paid director was £40k (2020 - £13k), including pension contributions of £1k (2020 - £1k).

9. Taxation

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of timing differences	**(942)**	2,183
Effect of tax rate change on opening balance	**1,078**	139
Adjustment in respect of prior periods	**(51)**	(43)
Total deferred tax	**85**	2,279
Total tax charge in statement of profit and loss and other comprehensive income	**85**	2,279

Factors affecting tax charge for the year

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

	2021 £000	2020 £000
(Loss)/profit on ordinary activities before tax	**(3,467)**	6,622
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(659)**	1,258
Effects of:		
Expenses not deductible for tax purposes	**863**	21
Non taxable income	**-**	(1,957)
Adjustments to tax charge in respect of previous periods	**(51)**	(43)
Movement in fair value of investment property	**(826)**	1,957
Group relief (claimed)/surrendered for nil consideration	**(94)**	904
Effect of tax rate change on opening deferred tax balances	**852**	139
Tax expense	**85**	2,279

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2020 - 19%).

10. Property, plant and equipment

	Short-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2021	**13,329**	**1,231**	**14,560**
Additions	**4,561**	**376**	**4,937**
At 31 December 2021	**17,890**	**1,607**	**19,497**
Depreciation			
At 1 January 2021	**89**	**16**	**105**
Charge for the year	**592**	**388**	**980**
At 31 December 2021	**681**	**404**	**1,085**
Net book value			
At 31 December 2021	**17,209**	**1,203**	**18,412**
At 31 December 2020	13,240	1,215	14,455

At the year end the Company had £Nil capital commitments (2020 - £Nil).

11. Investment property

	Right of use investment properties £000
Valuation	
At 1 January 2021	117,967
Lease modifications	(3,648)
Deficit on revaluation	(4,350)
At 31 December 2021	**109,969**

Leasehold right of use assets were remeasured to fair value at 31 December 2021 by the directors of the Company, using market inputs and other market information to derive the fair values in line with the accounting policy.

Restrictions and obligations

At 31 December 2021, there were no restrictions on the reliability of investment property or the remittance of income and proceeds of disposal.

There are currently no obligations to construct or develop the existing investment properties.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of investment properties, as well as the inter-relationship between key unobservable inputs and fair value, is detailed below:

Tenure	Type of valuation	Valuation techniques used	Key unobservable inputs	Relationship between key unobservable inputs and fair value
Leasehold right of use asset	Present value of current lease cash flows, over the period of the lease, revalued to present value of market related cash flows	Estimated market rental values of each active lease in the portfolio is used to calculate net present value of the market-based fixed lease cash flows.	Midpoint estimated rental values per square foot for similar properties in similar areas on the market - based on current active portfolio. Discount rates derived from incremental borrowing rate (where relevant) or property yield rates - on an individual lease basis.	Higher estimated rental value increases fair values. Higher discount rate reduces fair values.

The fair value measurement is based on the above items' highest and best use, which does not differ from their actual use.

As at the year-end the Company has £5,507k capital commitments (2020 - £Nil).

11. Investment property (continued)

Leases as lessor

The Company leases out some of its investment property consisting of its leased property under short-term licensing agreements. Licence agreements are not classified as operating leases as licence agreements do not transfer substantially all of the risks and rewards incidental to the ownership of the assets, and the licence holder does not have the right to direct the use of the asset.

Operating leases

The Group has selected operating leases that meet the definition of a lease and that conveys the right to use and direct the use of the leased space.

Operating lease income recognised by the Company during 2021 was £7,300k (2020 - £320k).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2021 £000	2020 £000
Less than one year	**7,300**	7,300
One to two years	**6,264**	13,564
Two to three years	**-**	-
	13,564	20,864

The Company does not have any finance leases as a lessor.

12. Debtors

	2021 £000	2020 £000
Trade debtors	**107**	3,085
Amounts owed by group undertakings	**2**	244
Other debtors	**1,061**	737
Prepayments	**451**	739
Accrued income	**2,242**	341
	3,863	5,146

All of the amounts owed by group undertakings are repayable on demand and are not interest bearing. Amounts owed by group undertakings of £2k (2020 - £244k) includes amounts of £Nil (2020 - £95k) which are expected to be recovered in more than 12 months.

13. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**298**	1,903
Amounts owed to group undertakings	**17,939**	18,997
Lease liabilities (see note 15)	**5,893**	2,171
Other creditors	**2,492**	2,014
Accruals	**3,587**	1,802
	30,209	26,887

All of the amounts owed to group undertakings are payable on demand and are non interest bearing. Amounts owed to group undertakings of £17,939k (2020 - £18,997k) includes amounts of £17,939k (2020 - £18,997k) which are expected to be settled in more than 12 months.

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

	2021 £000	2020 £000
Lease liabilities (see note 15)	**94,753**	100,802

15. Lease liabilities

Leases and lease commitments

The Company leases commercial office space and offers the space to customers under licence agreements that do not transfer the risks and rewards of ownership of the underlying assets.

The Company has three active leases. The leases have terms of between 16 and 20 years, and the average total lease term is 19 years.

The average remaining lease term of the Company's portfolio is as follows:

	2021 Years	2020 Years
Short-term leasehold portfolio (3 active leases)	17	18

All leases are subject to market rent reviews and terms are defined within the lease.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term or leases of low-value items.

Lease remeasurements and lease modifications

Inflationary rent reviews - There were no significant lease remeasurements in 2021 as a result of inflationary rent reviews.

Renegotiated lease terms - There were no lease term renegotiations in 2021.

Extension options

The Company has not estimated potential future lease payments from extension options at 31 December 2021, and have not included extension options in calculation of the present value of lease liabilities.

No lease extension options have been exercised during the year ended 31 December 2021 and no future changes have been assumed at year end.

15. Lease liabilities (continued)

Lease liabilities are presented in the balance sheet as follows:

	2021 £000	2020 £000
Lease liability brought forward	**102,973**	26,080
Additions in the year	**-**	75,308
Lease remeasurements/modifications	**(3,648)**	47
Interest charged	**3,765**	2,519
Lease repayments	**(2,444)**	(981)
Lease liability carried forward	**100,646**	102,973

Present value of lease liabilities (excluding previous finance lease liabilities) are presented in the balance sheet as follows:

	2021 £000	2020 £000
Current lease liability	**5,893**	2,171
Non current lease liability	**94,753**	100,802
	100,646	102,973

The undiscounted maturity analysis of lease liabilities at 31 December 2021 is as follows:

	Within 1 year £000	2-5 years £000	More than 5 years £000	Total £000
Lease payments	**5,893**	**31,430**	**102,515**	**139,838**
Finance charges	**(3,789)**	**(13,762)**	**(21,230)**	**(38,781)**
Prepaid rent at 31 December 2021	**(411)**	**-**	**-**	**(411)**
Net present values	**1,693**	**17,668**	**81,285**	**100,646**

16. Deferred taxation

	2021 £000	2020 £000
Liability at beginning of year	**(3,461)**	(1,182)
Charged to Statement of Profit and Loss and Other Comprehensive Income during the year	**(85)**	(2,279)
Liability at end of year	**(3,546)**	(3,461)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**(377)**	(226)
IFRS16 right of use asset fair value adjustment	**(3,169)**	(3,235)
	(3,546)	(3,461)

17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000,100 (2020 - 100) Ordinary shares of £1.00 each	**1,000,100**	100

On 22 December 2021 the Company issued 1,000,000 Ordinary shares of £1 each for cash.

18. Events after the reporting date

TOG announced on 14 March 2022 that there was a proposal to merge with another flexible workspace provider, Fora. This was subject to regulatory approval from the Competition and Markets Authority (CMA), and this was granted on 3 August 2022. On 19 September 2022 TOG legally completed the merger.

With the domain for flexible workspaces growing rapidly, the merger has brought together two highly complementary businesses within the flexible sector, businesses that have similar cultures, values & visions for the future. The combined group comprises 72 locations across both the UK and Germany, with a plan to continue to grow.

PIK Loan notes

Since the year end Blackstone have injected cash into the TOG group in the form of PIK Loan notes issued by Cheetah Bidco Limited, an indirect subsidiary of Cheetah Wild-Holdco Limited, the ultimate parent company of the Company. These PIK Loan notes amount to £32m, £23m and £17m issued during February 2022, June 2022 and September 2022 respectively.

Group rationalisation

In November 2022, following on from the review of the structure where properties and operations were transferred to The Office Group Properties Limited in March 2021, the Group continued to review its structure and commenced the second phase with the aim to simplify the legal structure.

The former operating business entities, The Office Islington Limited, The Office (Bristol 1) Limited, The Office (Kirby) Limited, The Office (Marylebone) Limited, The Office (Farringdon) Limited and EOP DL Limited, all of whom have transferred their properties and operations to The Office Group Properties Limited (except for EOP DL Limited), along with existing holding companies: TOG 1 (US) Limited, TOG 3 (Ireland) Limited, TOG 5 (France) Limited, TOG 6 Limited, TOG UK Topco Limited, TOG GH Propco Limited and TOG GH Holdco Limited, are intended to be liquidated.

The intention is that debtor or creditor balances held within these companies will be settled in full, and any intra-group balances will be formalised with a loan agreement and waived. In addition, relevant intra-group loan notes held by the Company will also be formally waived. Investment values will be reviewed for evidence of impairment, with a review of the impact on the underlying net assets associated with each company.

The directors have considered the declining economic conditions that are impacting the group and consider these to be a non-adjusting post balance sheet event. As a result the increasing inflation and foreign exchange movements have no impact to the carrying values reported at the balance sheet date.

19. Ultimate parent company and control

The Company is a subsidiary undertaking of Cheetah-Wild Holdco Limited which is the ultimate parent company incorporated in Jersey, and the immediate parent company is TOG 4 Limited, registered in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by Cheetah Holdco Limited, registered in the United Kingdom. The smallest group in which the Company is consolidated is that headed by TOG 4 Limited, registered in the United Kingdom.

Copies of the Group financial statements of Cheetah Holdco Limited and TOG 4 Limited will be available on request from the Company's registered office, 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX.