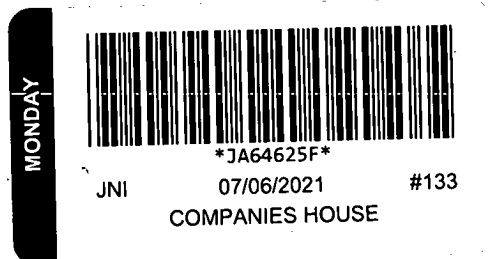


EXTRASPACE SOLUTIONS (UK) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**



EXTRASPACE SOLUTIONS (UK) LIMITED

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EXTRASPACE SOLUTIONS (UK) LIMITED

COMPANY INFORMATION

Directors	Ray Doyle Declan Murtagh (resigned 8 May 2020) Ronan Smyth Paul Tierney Stevin Tedstone (appointed 29 October 2019, resigned 14 August 2020) Phillip Hutton (appointed 29 October 2019)
Company secretary	Ray Doyle (resigned 29 October 2019) Barry McGrane (appointed 29 October 2019)
Registered number	NI050211
Registered office	First Floor, Unit 1 Belmont Office Park 232 Belmont Park Belfast N. Ireland BT42AW
Independent auditor	RBK Business Advisers Chartered Accountants and Statutory Audit Firm Boole House Beech Hill Office Campus Beech Hill Road Clonskeagh Dublin 4
Bankers	Bank of Ireland 306-310 Ormeau Road Belfast N. Ireland BT7 2GE
Solicitors	Walkers The Anchorage 17/19 Sir John Rogerson's Quay Dublin D02 DT18

EXTRASPACE SOLUTIONS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Principal activities and review of business

The principal activity of the company and its subsidiary, Spatial Initiative Limited, is the provision of management, design and construction services, with specific expertise in modern methods of construction and the design and build of modular accommodation for sale and hire. The group undertook these activities during the year across a range of sectors including healthcare, education, residential and commercial.

Turnover for the year of £41.6m million is 64% higher than the previous 12 month period (£25.3m) as we begin to see the benefit from a number of Government frameworks. There were a number of significant developments in the period, the top 4 are listed below. All costs in relation to these items have been dealt with in the financial period.

1. The Covid pandemic resulted in government mandated factory and site closures, significant project delays and significant additional costs to run the business in the period. We experienced a substantial drop in turnover in the final quarter and a significant increase in one off costs. These exceptional costs ensured that the business continued to service its customers throughout the period.
2. The company opened a second larger factory in period to meet current and expected future client demands, having secured places on a number of key government frameworks.
3. The company incurred a number one-off costs in preparation of our entry into the residential market including, R&D, product fire and acoustic testing, staff training and a significant recruitment drive among others. These costs have been compensated by a R&D Tax Credit of £682,428 received in period from HMRC.
4. Our joint venture partner (Styles & Wood), in our subsidiary, Spatial Initiative Limited (SIL) went into administration in February 2020. We incurred one off costs to complete the acquisition of the 50% of Spatial Initiative Limited (SIL) not already owned by the company.

These one-off costs result in a financial loss for the year and have positioned the business to deliver strong revenue growth and margin development in line with our medium-term strategic plan. The company has delivered strong organic growth in its key markets and has secured places on a number of Government frameworks. The acquisition of the remaining 50% shareholding in SIL during the year is presenting new opportunities for margin improvement and revenue growth and. The significant investments made over the past 18 months have positioned the company to grow profitably in 2021 and beyond.

EXTRASPACE SOLUTIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Principal risks and uncertainties

Brand reputation:

Our brand reputation is a key factor in the attraction and retention of clients and to our commercial operations. Erosion of the brand, through either a single event, or series of events, could adversely impact our position with customers and ultimately affect our future revenue and profitability.

Competition:

The market in which we operate is highly competitive. In order to counteract this we continue to strive to provide our clients with high quality service which has helped us retain our current strong foothold in the market.

Credit risk:

The company has no significant concentrations of credit risk. Clients who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually monitored.

Currency risk:

While the company's operational activities are mainly carried out in the United Kingdom transactions arise with entities located within the Eurozone area which can be material and as a result foreign exchange adjustments may have an impact on the company's results.

Liquidity risk:

The company adopts a very effective and efficient working capital model in order to minimise liquidity risk. The company has sufficient cash resources and arrangements to provide flexibility in financing existing operations.

Employee relations:

Our relationship with our employees is important and we try to keep employee's as fully informed as practicable about developments within the business. A breakdown in relations could adversely affect business performance.

Brexit

The United Kingdom and the European Union have reached an agreement on their future economic partnership which has led to greater certainty for the future. Preparation was undertaken to help mitigate future risks around supply chains and logistical issues and new processes have now been integrated into our day to day works. An independent customs clearing agent has also been appointed to help manage all imports and exports with the European Union.

COVID-19

At the time of approving these financial statements, the United Kingdom is responding to the outbreak of the coronavirus, COVID-19. The company has continued to operate during this crisis, albeit at reduced capacity. The directors have therefore carefully considered the impact of COVID-19 on the projected performance of the company for the year ended 30 June 2021 and expect that management can meet the risks presented by this; accordingly no revision of the figures included in the financial statements for the year ended 30 June 2020 has been made.

It is not currently possible to evaluate all the potential implications of the pandemic to the activities of the company and management continue to monitor the situation to ensure employee safety whilst controlling costs during this year.

Development and performance

It is the intention of the directors to continue to develop the current activities of the company in the current year. Based on current projections it is anticipated that increased turnover and operating profits will be generated in 2020/2021.

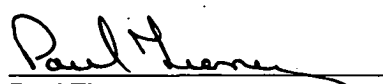
EXTRASPACE SOLUTIONS (UK) LIMITED

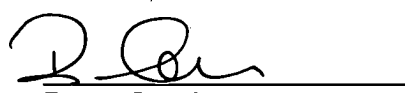
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Financial key performance indicators

The Directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company, namely turnover, gross profit and operating profit. In the period ended 30 June 2020 turnover increased from £37,993,174 to £41,604,223 and gross profit decreased from £1,743,735 to £2,415. While our business is highly competitive it is anticipated that medium to long term growth prospects are strong.

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


Paul Tierney
Director


Ronan Smyth
Director

Date: 17/05/2021

EXTRASPACE SOLUTIONS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their report and the financial statements for the year ended 30 June 2020.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Principal activity

The principal activity of the company is the hire and sale of modular accommodation.

Results and dividends

The loss for the year, after taxation, amounted to £1,233,809 (2019 - loss £121,383).

The directors do not recommend the payment of a dividend.

The directors have reviewed the results achieved in the year, in a very competitive market.

EXTRASPACE SOLUTIONS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Directors

The Directors who served during the year were:

Ray Doyle
Declan Murtagh (resigned 8 May 2020)
Ronan Smyth
Paul Tierney
Stevin Tedstone (appointed 29 October 2019, resigned 14 August 2020)
Phillip Hutton (appointed 29 October 2019)

Ray Doyle resigned 29 October 2019 as company secretary and Barry McGrane was appointed 29 October 2019.

The directors had no interest in the shares of the company at the period end.

In accordance with the Articles of Association, the directors are not required to retire by rotation.

Future developments

It is the intention of the directors to continue to develop the current activities of the company in the current year with a view to increasing turnover and operating profit.

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.

Post balance sheet events

The directors have considered the impact of the COVID-19 pandemic and Brexit using all available information up to the date of signing the financial statements and have concluded that there is no significant impact on the company.

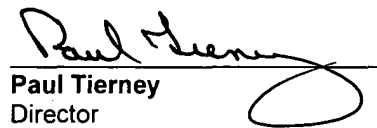
Auditor

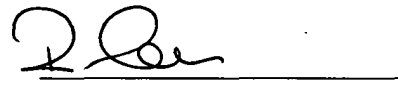
The auditor, RBK Business Advisers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

EXTRASPACE SOLUTIONS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

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


Paul Tierney
Director


Ronan Smyth
Director

Date: 17/05/2021

EXTRASPACE SOLUTIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXTRASPACE SOLUTIONS (UK) LIMITED

Opinion

We have audited the financial statements of Extraspace Solutions (UK) Limited (the 'Company') for the year ended 30 June 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cashflows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual 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.

EXTRASPACE SOLUTIONS (UK) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXTRASPACE SOLUTIONS (UK) LIMITED
(CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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 on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

EXTRASPACE SOLUTIONS (UK) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXTRASPACE SOLUTIONS (UK) LIMITED
(CONTINUED)**

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EXTRASPACE SOLUTIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXTRASPACE SOLUTIONS (UK) LIMITED
(CONTINUED)

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Brendan Mullally

Brendan Mullally (Senior Statutory Auditor)
for and on behalf of
RBK Business Advisers
Chartered Accountants and Statutory Audit Firm
Boole House
Beech Hill Office Campus
Beech Hill Road
Clonskeagh
Dublin 4

Date: 17/05/2021

EXTRASPACE SOLUTIONS (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £	2019 £
Turnover	5	41,604,223	37,993,174
Cost of sales		(41,601,808)	(36,249,439)
Gross profit		2,415	1,743,735
Administrative expenses		(1,833,596)	(1,966,202)
Operating loss	6	(1,831,181)	(222,467)
Share of (loss) of joint venture		(279,090)	(153,808)
Total operating loss		(2,110,271)	(376,275)
Interest receivable and similar income	9	694	254
Interest payable and expenses	10	(59,063)	(14,760)
Loss before tax		(2,168,640)	(390,781)
Tax on loss	11	934,831	269,398
Loss for the financial year		(1,233,809)	(121,383)
Other comprehensive income for the period			
Other comprehensive income		-	-
Total comprehensive income for the year		(1,233,809)	(121,383)

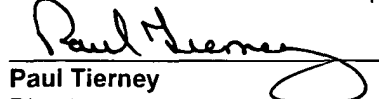
The notes on pages 17 to 33 form part of these financial statements.


EXTRASPACE SOLUTIONS (UK) LIMITED
REGISTERED NUMBER: NI050211

BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		1,451,181		573,654
Fixed asset investments	13		86,767		50
			<u>1,537,948</u>		<u>573,704</u>
Current assets					
Stocks	14	1,894,382		1,411,431	
Debtors: amounts falling due within one year	15	7,966,321		9,237,782	
Cash at bank and in hand	16	322,191		32,534	
		<u>10,182,894</u>		<u>10,681,747</u>	
Creditors: amounts falling due within one year	17	(9,223,867)		(7,797,793)	
Net current assets			<u>959,027</u>		<u>2,883,954</u>
Total assets less current liabilities			<u>2,496,975</u>		<u>3,457,658</u>
Creditors: amounts falling due after more than one year	18		(19,420)		(25,384)
Provisions for liabilities					
Other provisions	20	(493,943)		(214,853)	
			<u>(493,943)</u>		<u>(214,853)</u>
Net assets			<u>1,983,612</u>		<u>3,217,421</u>
Capital and reserves					
Called up share capital	21	300,000		300,000	
Profit and loss account	22	1,683,612		2,917,421	
			<u>1,983,612</u>		<u>3,217,421</u>

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


Paul Tierney
 Director
 Date: 17/05/2021


Ronan Smyth
 Director

The notes on pages 17 to 33 form part of these financial statements.

EXTRASPACE SOLUTIONS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	300,000	3,038,804	3,338,804
Comprehensive income for the period			
Loss for the period	-	(121,383)	(121,383)
At 1 July 2019	300,000	2,917,421	3,217,421
Comprehensive income for the year			
Loss for the period	-	(1,233,809)	(1,233,809)
At 30 June 2020	300,000	1,683,612	1,983,612

EXTRASPACE SOLUTIONS (UK) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(1,233,809)	(121,383)
Adjustments for:		
Depreciation of tangible assets	203,619	82,467
(Profit)/Loss on disposal of tangible assets	-	(5,959)
Interest paid	59,063	14,760
Interest received	(694)	(254)
Taxation charge	(934,831)	(269,398)
(Increase) in stocks	(482,950)	(543,825)
Decrease/(increase) in debtors	1,062,283	(2,724,650)
Decrease/(increase) in amounts owed by groups	963,833	(50,456)
Increase in creditors	1,603,513	3,384,680
Share of (loss) in joint ventures	279,090	153,808
Corporation tax received/(paid)	180,175	(56,025)
Net cash generated from operating activities	1,699,292	(136,235)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,082,661)	(529,159)
Sale of tangible fixed assets	1,515	18,862
Purchase of fixed asset investments	(86,717)	-
Interest received	694	254
HP interest paid	(1,807)	(708)
Net cash from investing activities	(1,168,976)	(510,751)

EXTRASPACE SOLUTIONS (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	2019 £
Cash flows from financing activities		
Repayment of/new finance leases	(6,498)	33,642
Interest paid	(57,256)	(14,052)
Net cash used in financing activities	(63,754)	19,590
Net increase/(decrease) in cash and cash equivalents	466,562	(627,396)
Cash and cash equivalents at beginning of year	(144,371)	483,026
Cash and cash equivalents at the end of year	322,191	(144,370)
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	322,191	32,534
Bank overdrafts	-	(176,904)
	322,191	(144,370)

The notes on pages 17 to 33 form part of these financial statements.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

These financial statements comprising the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes constitute the individual financial statements of Extraspace Solutions (UK) Limited for the financial period ended 30 June 2020.

Extraspace Solutions (UK) Limited is a private company limited by shares, incorporated in Northern Ireland. The registered Office is First Floor, Unit 1, Belmont Office Park, 232 Belmont Road, Belfast, BT4 2AW, Northern Ireland. The nature of the company's operations and its principal activities are set out in the Director's Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Currency

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in sterling, which is the company's functional and presentation currency and is denoted by the symbol "£".

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.3 Revenue and profits

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from the provision of services is recognised in the accounting period in which the services are rendered and the outcome of the contract can be estimated reliably. The company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

Borrowings are recognised initially at the transaction price (present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has a right to defer settlement of the liability for at least 12 months after the reporting date.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Related parties

The company discloses transactions with related parties who are not wholly owned members with the same group. It does not disclose transactions with members of the same group that are wholly owned. Extraspaces Solutions (UK) Limited has availed of this exemption under FRS 102 paragraph 33.1A

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Tangible fixed assets

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

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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:

Plant and equipment	-	25%	Straight line
Motor vehicles	-	25%	Straight line
Office equipment	-	25%	
Cabins and containers for hire	-		Straight line over 7/12 years to 20%

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.

2.12 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Long term contracts are assessed on a contract by contract basis and reflected in the Statement of Comprehensive Income by recording revenue and related costs as contract activity progresses. No profit is recognised until the outcome of a long term contract can be assessed with reasonable certainty. Work in progress represents costs incurred net of amounts transferred to cost of sales, less foreseeable losses and applicable payments on account not matched with revenue.

2.14 Debtors

Trade and other debtors including amounts owed to group companies are recognised initially at transaction price (including transaction costs) unless a financing arrangement exists in which case they are measured at the present value of future receipts discounted at a market rate. Subsequently these are measured at amortised cost less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of provision required are recognised in the profit and loss.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.20 Financial instruments (continued)

flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors consider the accounting estimates and assumptions below to be its critical accounting estimates and judgments:

Going concern:

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrates that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

Impairment of trade debtors:

The company trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The company uses estimates based on historical experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis. The total amount of trade debtors is £1,683,875 (2019 - £2,575,396).

Impairment of inventories and work-in-progress:

The company holds inventories and work in progress amounting to £1,894,382 (2019 - £1,411,431) at the financial period end date. The directors are of the view that an adequate charge has been made to reflect the possibility of inventories and work-in-progress being sold at less than cost. However, this estimate is subject to inherent uncertainty.

Useful Lives of tangible fixed assets:

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have significant impact on the depreciation and amortisation charge for the financial year. The net book value of Tangible Fixed Assets subject to depreciation at the financial period end date was £1,451,181 (2019 - £573,654).

4. Group company exemptions claimed

FRS 102 allows a qualifying entity certain disclosure exemptions (FRS 102 paragraph 1.12), subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

As a result, Extraspace Solutions (UK) Limited has taken advantage of the following exemptions:

- (i) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7
- (ii) from the financial instrument disclosures, required under FRS 102 paragraph's 11.39 to 11.48A, as the information is provided in the consolidated financial statement disclosures.

The information is included in its parent company's, Extraspace Holdings Limited, consolidated financial statements.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5. Turnover

An analysis of turnover by class of business is as follows:

	2020 12 months £	2019 18 months £
New product sales	40,693,851	37,699,952
Ex fleet sales	1,514	1,280
Hire of assets and related income	908,858	291,942
	<u>41,604,223</u>	<u>37,993,174</u>

All turnover arose within the United Kingdom.

6. Operating loss

The operating loss is stated after charging:

	2020 12 months £	2019 18 months £
Depreciation of tangible fixed assets	203,619	82,467
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	8,892	14,307
Other operating lease rentals	100,632	185,172
Defined pension contribution cost	<u>46,570</u>	<u>49,791</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020 12 months £	2019 18 months £
Wages and salaries	1,770,113	2,162,951
Social security costs	193,510	247,015
Pension costs	46,570	49,791
	2,010,193	2,459,757

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 12 months No.	2019 18 months No.
Administration	12	7
Operations	19	15
Selling	2	2
	33	24

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	60,351	-
Company contributions to defined contribution pension schemes	7,436	-
	67,787	-

9. Interest receivable

	2020 12 months £	2019 18 months £
Other interest	694	254

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Interest payable and similar expenses

	2020 12 months £	2019 18 months £
Bank interest payable	57,256	14,052
Finance leases and hire purchase contracts	1,807	708
	<u>59,063</u>	<u>14,760</u>

11. Taxation

	2020 12 months £	2019 18 months £
Corporation tax		
Adjustments in respect of previous periods	(682,428)	(176,428)
Total current tax	<u>(682,428)</u>	<u>(176,428)</u>
Deferred tax		
Origination and reversal of timing differences	(252,403)	(92,970)
Total deferred tax	<u>(252,403)</u>	<u>(92,970)</u>
Taxation on loss on ordinary activities	<u>(934,831)</u>	<u>(269,398)</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is different from the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(2,168,640)	(390,781)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(412,042)	(74,248)
Effects of:		
Expenses not deductible for tax purposes	412,042	2,428
Capital allowances for year/period in excess of depreciation	-	35,422
Adjustments to tax charge in respect of prior periods	-	(52,414)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge in respect of prior year	(682,428)	(124,014)
Unrelieved tax losses carried forward	-	36,398
Deferred Tax	(252,403)	(92,970)
Total tax charge for the year/period	(934,831)	(269,398)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

EXTRASPACE SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Cabins and containers for hire £	Total £
Cost or valuation					
At 1 July 2019	12,048	114,447	39,910	647,709	814,114
Additions	21,871	14,192	600	1,045,998	1,082,661
Disposals	-	-	-	(81,570)	(81,570)
At 30 June 2020	<u>33,919</u>	<u>128,639</u>	<u>40,510</u>	<u>1,612,137</u>	<u>1,815,205</u>
Depreciation					
At 1 July 2019	4,678	24,280	21,164	190,338	240,460
Charge for period	4,918	29,233	7,618	161,850	203,619
Disposals	-	-	-	(80,055)	(80,055)
At 30 June 2020	<u>9,596</u>	<u>53,513</u>	<u>28,782</u>	<u>272,133</u>	<u>364,024</u>
Net book value					
At 30 June 2020	<u>24,323</u>	<u>75,126</u>	<u>11,728</u>	<u>1,340,004</u>	<u>1,451,181</u>
At 30 June 2019	<u>7,370</u>	<u>90,167</u>	<u>18,746</u>	<u>457,371</u>	<u>573,654</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. Fixed asset investments

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 July 2019	-	50	50
Additions	86,717	-	86,717
Transfers intra group	50	(50)	-
At 30 June 2020	<u>86,767</u>	<u>-</u>	<u>86,767</u>

The company held 50% interest in Spatial Initiative Limited, a company formed on 27 July 2017, in the United Kingdom. The principal activity of the company is similar to the group's activities. During the year, the company acquired the remaining 50% interest in Spatial Initiative Limited.

14. Inventories

	2020 £	2019 £
Net cost less foreseeable losses	1,848,431	1,377,631
Finished goods and goods for resale	45,951	33,800
	<u>1,894,382</u>	<u>1,411,431</u>

The replacement cost of stock did not differ significantly from the figures shown.

EXTRASPACE SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Debtors

	2020 £	2019 £
Trade debtors	1,683,875	2,575,396
Amounts owed by group undertakings	786,376	1,750,209
Other debtors	671,554	250,198
Prepayments and accrued income	4,490,349	4,580,215
Deferred taxation	334,167	81,764
	<u>7,966,321</u>	<u>9,237,782</u>

All debtors are due within one year. All trade receivables are due within the company's normal terms, which is thirty days. Trade receivables are shown net of impairment in respect of doubtful debts.

Amounts owed by group companies are unsecured, have no fixed date of repayment and are repayable on demand.

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	322,191	32,534
Less: bank overdrafts	-	(176,904)
	<u>322,191</u>	<u>(144,370)</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	-	176,904
Trade creditors	1,175,872	2,013,379
Other taxation and social security	1,486,777	905,430
Obligations under finance lease	7,724	8,259
Other creditors	781	-
Accruals and deferred income	6,552,713	4,693,821
	<u>9,223,867</u>	<u>7,797,793</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

17. Creditors: Amounts falling due within one year (continued)

Security held by Bank of Ireland for the operation of the invoice discounting account is a charge on the group debtors.

The company has also provided a guarantee in relation to the borrowings of it's ultimate parent company Kardomagh Holdings Limited.

Trade creditors include amounts owing to suppliers, who purport to include reservation of title clauses in their conditions of sales. It is not practicable to quantify this amount, or how much of it is included in stocks.

Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment of taxes. No interest was due at the financial period end 30 June 2020.

18. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under finance leases	19,420	25,384
	<u>19,420</u>	<u>25,384</u>

19. Deferred taxation

	30 June 2020 £	30 June 2019 £
At beginning of year	81,764	(11,206)
Charged to profit or loss	252,403	92,970
At end of year	<u>334,167</u>	<u>81,764</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(58,705)	(45,252)
Tax losses carried forward	311,192	45,336
Capital losses carried forward	81,680	81,680
	<u>334,167</u>	<u>81,764</u>

20. Provisions

	Provision for loss on joint venture £
At 1 July 2019	214,853
Charged to profit or loss	279,090
At 30 June 2020	<u>493,943</u>

Due to the cumulative losses incurred by joint venture, the cost of the investment is included within investments, and provision for joint venture deficit has been disclosed on the balance sheet within provisions for liabilities and charges.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

21. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
300,000 (2019 - 300,000) Ordinary shares of £1.00 each	<u>300,000</u>	<u>300,000</u>

22. Reserves

Profit and loss account

The profit and loss account represents cumulative gains and losses recognised in the statement of comprehensive income, net of transfers to/ from other reserves and dividends paid.

23. Capital commitments

There were no capital commitments at the period ended 30 June 2020.

24. Related party transactions

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with group companies.

25. Post balance sheet events

There have been no significant events affecting the company since the year end.

26. Parent and Ultimate Parent Company

The company regards Extraspace Holdings Limited, a company registered in the Republic of Ireland, as its parent company at the period end.

The company regards Kardomagh Holdings Limited, a company registered in the Republic of Ireland, as its ultimate parent company.

Extraspace Solutions (UK) Limited is included in the consolidated financial statements of Extraspace Holdings Limited which are publicly available.

27. Approval of financial statements

The board of directors approved these financial statements for issue on 17/05/2021