

EXTRASPACE SOLUTIONS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



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EXTRASPACE SOLUTIONS (UK) LIMITED

CONTENTS

	Page
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Statement of Cash Flows	14 - 15
Notes to the Financial Statements	16 - 31

EXTRASPACE SOLUTIONS (UK) LIMITED

COMPANY INFORMATION

Directors	Ray Doyle Ronan Smyth Paul Tierney Phillip Hutton (resigned 6 October 2021)
Company secretary	Barry McGrane
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 Parkview 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 2

EXTRASPACE SOLUTIONS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 £40,284,824 is down 3% compared to the previous 12 month period (2020 - £41,604,223). This turnover was achieved despite the COVID-19 pandemic which resulted in government mandated closure of factories and building sites through the first quarter of our financial year and then additional costs, to ensure a safe working environment for our staff as the business re-opened. In the first half of the financial year we also saw delays to customer orders due to market uncertainty as the economy re-opened. The business performed strongly through the remainder of the year as we benefit from our position on a number of government frameworks and the growing demand for modern methods of construction (MMC).

Margins in the business improved through the year to June 2021 with gross profit margin up to 6.6% as we achieved operating efficiencies on the turnover levels and benefited from the additional management capability brought into the business. The year saw the business returned to profitability (profit before tax £399,200) and well positioned going into the 2022 financial year with a strong order book and the infrastructure and management in place to manage a bigger business.

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.

EXTRASPACE SOLUTIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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 2022 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 2021 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 2021/22.

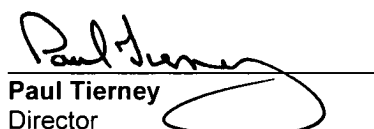
Financial key performance indicators

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 year ended 30 June 2021 turnover decreased from £41,604,223 to £40,284,824, however, both gross profit and operating profit increased significantly in the current year. Gross profit increased from £2,415 to £2,674,045 and operating profit increased from a £1,831,181 loss to a £447,320 profit. 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.



Ronan Smyth
Director



Paul Tierney
Director

Date: 26/01/2022

EXTRASPACE SOLUTIONS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their report and the financial statements for the year ended 30 June 2021.

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 profit for the year, after taxation, amounted to £1,088,859 (2020 - loss £1,233,809).

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 2021**

Directors

The Directors who served during the year were:

Ray Doyle
Ronan Smyth
Paul Tierney
Phillip Hutton (resigned 6 October 2021)

Barry McGrane was Company Secretary for the duration of the year.

The Directors had no interest in the shares of the Company at year 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.

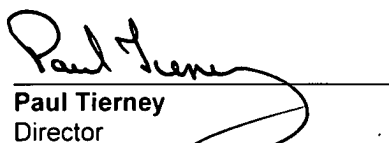
Post balance sheet events

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

Auditor

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

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


Paul Tierney
Director

Date: 26/01/2022


Ronan Smyth
Director

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 2021, 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 2021 and of its profit 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion.

In identifying and assessing risks of material misstatement in respect to irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the Company's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquires of management and other key persons about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; and
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the areas in which management is required to exercise significant judgement. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements.

The key laws and regulations that we considered in this context included the Companies Act 2006 and UK Tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the competition and anti-bribery laws, data protection, employment, environmental and health and safety regulations.

EXTRASPACE SOLUTIONS (UK) LIMITED

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

Audit Response to Risks Identified

As a result of performing the above we identified several potential risks of fraud. Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims;
- performing analytical and substantive procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit.

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 Auditors' 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 Auditors' 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
Senior Statutory Auditor
for and on behalf of
RBK Business Advisers
Chartered Accountants and Statutory Audit Firm
Parkview House
Beech Hill Office Campus
Beech Hill Road
Clonskeagh
Dublin 4

Date:

26/01/2022

EXTRASPACE SOLUTIONS (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Turnover	5	40,284,824	41,604,223
Cost of sales		(37,610,779)	(41,601,808)
Gross profit		2,674,045	2,415
Administrative expenses		(2,226,725)	(1,833,596)
Operating profit/(loss)	6	447,320	(1,831,181)
Share of (loss) of joint venture		-	(279,090)
Total operating profit/(loss)		447,320	(2,110,271)
Interest receivable and similar income	9	728	694
Interest payable and expenses	10	(48,848)	(59,063)
Profit/(loss) before tax		399,200	(2,168,640)
Tax on profit/(loss)	11	689,659	934,831
Profit/(loss) for the financial year		1,088,859	(1,233,809)
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		1,088,859	(1,233,809)

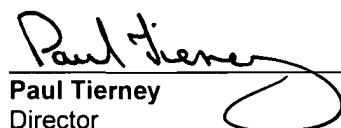
EXTRASPACE SOLUTIONS (UK) LIMITED
REGISTERED NUMBER: NI050211

BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	12		626,914		1,451,181
Fixed asset investments	13		86,767		86,767
			<u>713,681</u>		<u>1,537,948</u>
Current assets					
Stocks	14	196,512		1,894,382	
Debtors: amounts falling due within one year	15	16,278,695		7,966,321	
Cash at bank and in hand	16	841,668		322,191	
		<u>17,316,875</u>		<u>10,182,894</u>	
Creditors: amounts falling due within one year	17	(14,453,605)		(9,223,867)	
Net current assets			<u>2,863,270</u>		<u>959,027</u>
Total assets less current liabilities			<u>3,576,951</u>		<u>2,496,975</u>
Creditors: amounts falling due after more than one year	18		(10,537)		(19,420)
Provisions for liabilities					
Other provisions	20	(493,943)		(493,943)	
			<u>(493,943)</u>		<u>(493,943)</u>
Net assets			<u><u>3,072,471</u></u>		<u><u>1,983,612</u></u>
Capital and reserves					
Called up share capital	21	300,000		300,000	
Profit and loss account	22	2,772,471		1,683,612	
			<u><u>3,072,471</u></u>		<u><u>1,983,612</u></u>

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


Ronan Smyth
 Director


Paul Tierney
 Director

Date: 26/01/2022

EXTRASPACE SOLUTIONS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	300,000	2,917,421	3,217,421
Comprehensive income for the year			
Loss for the year	-	(1,233,809)	(1,233,809)
At 1 July 2020	300,000	1,683,612	1,983,612
Comprehensive income for the year			
Profit for the year	-	1,088,859	1,088,859
At 30 June 2021	300,000	2,772,471	3,072,471

EXTRASPACE SOLUTIONS (UK) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	1,088,859	(1,233,809)
Adjustments for:		
Depreciation of tangible assets	625,547	203,619
(Profit)/Loss on disposal of tangible assets	(3,336)	-
Interest paid	48,848	59,063
Interest received	(728)	(694)
Taxation charge	(689,659)	(934,831)
Decrease/(increase) in stocks	1,697,869	(482,950)
(Increase)/decrease in debtors	(3,209,668)	1,062,283
(Increase)/decrease in amounts owed by groups	(5,095,475)	963,833
Increase in creditors	2,457,554	1,603,513
Corporation tax received	682,428	180,175
Share of loss in joint ventures	-	279,090
Net cash generated from operating activities	(2,397,761)	1,699,292
Cash flows from investing activities		
Purchase of tangible fixed assets	(690,793)	(1,082,661)
Sale of tangible fixed assets	892,849	1,515
Purchase of fixed asset investments	-	(86,717)
Interest received	728	694
HP interest paid	(1,706)	(1,807)
Net cash from investing activities	201,078	(1,168,976)

EXTRASPACE SOLUTIONS (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Cash flows from financing activities		
Bank overdrafts	2,770,857	-
Interest paid	(47,139)	(57,256)
Repayment of/new finance leases	(7,558)	(6,498)
Net cash used in financing activities	2,716,160	(63,754)
Net increase in cash and cash equivalents	519,477	466,562
Cash and cash equivalents at beginning of year	322,191	(144,371)
Cash and cash equivalents at the end of year	841,668	322,191
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	841,668	322,191
	841,668	322,191

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

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 on the going concern basis 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

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 "£".

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 2021

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 2021

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. Extraspace 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 2021

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:

Land and buildings	- 20% Straight line
Plant and equipment	- 25% Straight line
Motor vehicles	- 25% Straight line
Fixtures and fittings	-
Office equipment	- 25% Straight line
Cabin and containers for hire	- 7/12 years - 20% Straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 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.

2.13 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 Statement of Comprehensive Income.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.19 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 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 2021

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 value of trade debtors at year end is £1,505,767 (2020 - £1,683,875).

Impairment of inventories and work-in-progress

The Company holds inventories and work in progress amounting to £196,512 (2020 - £1,894,382) at the year 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 year end date is £626,914 (2020 - £1,451,181).

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 2021**

5. Turnover

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

	2021 £	2020 £
New product sales	38,245,452	40,693,851
Ex fleet sales	997,150	1,514
Hire of assets and related income	1,042,222	908,858
	<u>40,284,824</u>	<u>41,604,223</u>

All turnover arose within the United Kingdom.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	625,547	203,619
Auditor's remuneration	16,500	8,892
Defined pension contribution cost	129,624	46,570
	<u>771,671</u>	<u>259,081</u>

7. Employees

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

	2021 £	2020 £
Wages and salaries	2,870,095	1,770,113
National insurance	319,638	193,510
Pension costs	129,624	46,570
	<u>3,319,357</u>	<u>2,010,193</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

7. Employees (continued)

	2021 No.	2020 No.
Administration	23	12
Operations	23	19
Selling	2	2
	<u>48</u>	<u>33</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	117,539	60,351
Directors national insurance	14,455	2,025
Directors pension costs - defined contrib'n sch.	9,840	7,436
	<u>141,834</u>	<u>69,812</u>

9. Interest receivable

	2021 £	2020 £
Other interest	<u>728</u>	<u>694</u>

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	29,382	57,256
Interest on loans from group undertakings	17,760	-
Finance leases and hire purchase contracts	1,706	1,807
	<u>48,848</u>	<u>59,063</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of previous periods	(689,659)	(682,428)
Total current tax	<u>(689,659)</u>	<u>(682,428)</u>
Deferred tax		
Origination and reversal of timing differences	-	(252,403)
Total deferred tax	<u>-</u>	<u>(252,403)</u>
Taxation on loss on ordinary activities	<u>(689,659)</u>	<u>(934,831)</u>

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>399,200</u>	<u>(2,168,640)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	75,848	(412,042)
Effects of:		
Expenses not deductible for tax purposes	(75,848)	412,042
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge in respect of prior year	(689,659)	(682,428)
Deferred Tax	-	(252,403)
Total tax charge for the year	<u>(689,659)</u>	<u>(934,831)</u>

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 2021

12. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Cabin and containers for hire £	Total £
Cost or valuation						
At 1 July 2020	-	33,919	128,639	40,510	1,612,137	1,815,205
Additions	194,074	1,923	19,000	16,355	459,441	690,793
Disposals	-	(3,981)	(41,948)	-	(1,045,998)	(1,091,927)
At 30 June 2021	194,074	31,861	105,691	56,865	1,025,580	1,414,071
Depreciation						
At 1 July 2020	-	9,596	53,513	28,782	272,133	364,024
Charge for the year	38,815	7,936	27,506	7,215	544,075	625,547
Disposals	-	(3,981)	(26,734)	-	(171,699)	(202,414)
At 30 June 2021	38,815	13,551	54,285	35,997	644,509	787,157
Net book value						
At 30 June 2021	155,259	18,310	51,406	20,868	381,071	626,914
At 30 June 2020	-	24,323	75,126	11,728	1,340,004	1,451,181

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2020	86,767
At 30 June 2021	<u>86,767</u>

The Company hold an 100% interest in Spatial Initiative Limited, a company formed on 27 July 2017, in the United Kingdom. The principal activity of the company is simliar to the group's activities.

14. Inventories

	2021 £	2020 £
Net cost less foreseeable losses	167,912	1,848,431
Finished goods and goods for resale	28,600	45,951
	<u>196,512</u>	<u>1,894,382</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 2021

15. Debtors

	2021 £	2020 £
Trade debtors	1,505,767	1,683,875
Amounts owed by group undertakings	5,881,851	786,376
Other debtors	675,285	671,554
Prepayments and accrued income	7,881,625	4,490,349
Deferred taxation	334,167	334,167
	<u>16,278,695</u>	<u>7,966,321</u>

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

	2021 £	2020 £
Cash at bank and in hand	<u>841,668</u>	<u>322,191</u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	2,770,857	-
Trade creditors	879,758	1,175,872
Other taxation and social security	2,054,900	1,486,777
Obligations under finance lease	9,049	7,724
Other creditors	814	781
Accruals and deferred income	8,738,227	6,552,713
	<u>14,453,605</u>	<u>9,223,867</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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 its 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 year end 30 June 2021.

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

	2021 £	2020 £
Net obligations under finance leases	<u>10,537</u>	<u>19,420</u>

19. Deferred taxation

	2021 £	2020 £
At beginning of year	334,167	81,764
Charged to profit or loss	-	252,403
At end of year	<u>334,167</u>	<u>334,167</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(58,705)	(58,705)
Tax losses carried forward	311,192	311,192
Capital losses carried forward	81,680	81,680
	<u>334,167</u>	<u>334,167</u>

EXTRASPACE SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

20. Provisions

	Provision for loss on joint venture £
At 1 July 2020	493,943
At 30 June 2021	<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.

21. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
300,000 (2020 - 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 2021.

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.

EXTRASPACE SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 *26/01/2022*