

ANNUAL REPORT AND FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

CORT BUSINESS SERVICES UK  
LIMITED

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BRIGHTER THINKING

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## CORT BUSINESS SERVICES UK LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	J. Pederson G. M. Smith (resigned 29 January 2021) D. Lansford B. Stahl (resigned 31 July 2021) K. Ebenezer M. E. Davis (appointed 31 July 2021)
<b>Company secretary</b>	D. Lansford
<b>Registered number</b>	06448915
<b>Registered office</b>	Unit 28 Barwell Business Park Leatherhead Road Chessington Surrey KT9 2NY
<b>Independent auditors</b>	Menzies LLP Chartered accountants & Statutory auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

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CORT BUSINESS SERVICES UK LIMITED

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CONTENTS

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	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Income Statement	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Analysis of Net Debt	12
Notes to the Financial Statements	13 - 22

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## CORT BUSINESS SERVICES UK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Principal activities and business review

The company's principal activity is the rental of domestic furniture.

The company achieved a turnover of £4,584,575 (2020 - £4,497,468). This small increase reflected the continued impact of travel restrictions in the second year of the Covid-19 pandemic on the market for domestic furniture rental in the UK, but also the organic growth we achieved in the build-to-rent channel.

For much of our income we are dependent on the volume of medium to long term staff secondments by international companies to the UK. Restrictions on business travel to the UK until the second half of 2021 resulted in an initial downturn in the number of these relocation secondments, but throughput increased significantly once restrictions were lifted from July onwards as demand pent-up during the pandemic was released. At the same time, lockdowns led to less residential letting throughput in the property market, especially in central London, as movement into the cities remained restricted. To the positive, in the year we achieved significant incremental growth in large scale build to rent sector installations.

During the year, a fire at a neighbouring premises caused significant operational disruption. Despite this, we did not lose a single day's service to customers, a tribute to the efforts of all our staff, and through the year we continued to re-build our stock levels and capabilities.

Through continued management of our inventory, gross margin improved slightly to 80.3% (2020 - 79.9%). However, our distribution costs increased in the year. This was attributed to the costs of installing furniture in a long-term, multi-phase project in the build to rent sector during the year, but also to the costs associated with operating from additional temporary locations as a result of the fire, recovery of which will be subject to an insurance claim. As a result, profit was £5,222 (2020 - £461,086).

At the time of writing, the outlook for 2022 is dominated by inflationary economic pressures and uncertainty caused by the war in Ukraine and to an extent the ongoing exit from the Covid-19 pandemic. While this will have a short-term impact on some of our markets, we will be able to maintain an income stream throughout. In addition, we have sufficient cash reserves and the ongoing support from our Holding Company.

#### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of key risks:

- 1) International companies reducing the level of staff secondments to the UK. This may occur for a number of commercial reasons but the travel restrictions imposed during the Covid-19 outbreak have now been lifted.
- 2) A large increase in the availability of furnished accommodation versus unfurnished accommodation.
- 3) A change in the HR policy of multinational companies such that shipping furniture is preferred to renting furniture for an unfurnished property, although the importance of sustainability and increased costs of shipping are mitigating against this.
- 4) The introduction of new, major competitors into the market.

#### Key performance indicators

# CORT BUSINESS SERVICES UK LIMITED Financial Accounts 2021-12-31

turnover.

## Financial indicators

	2021	2020		
a) Profit as a percentage of turnover			0.1%	10.3%
b) Rental Assets as a percentage of turnover			90.5%	85.9%
c) Distribution costs as a percentage of turnover			17.2%	10.3%

## Non-Financial indicators

	2021	2020
a) Staff turnover	6.4%	8.2%

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## CORT BUSINESS SERVICES UK LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Future Developments

We will continue to develop and grow the business through our excellence in service and product.

#### Directors' statement of compliance with duty to promote the success of the Company

The directors' duty under Section 172 is to promote the success of the Company for the benefit of the members as a whole, having regard to the following matters set out in Section 172 (1):

- 1. Long term consequences of decisions:**  
We aim to secure our long-term prospects and viability by pursuing strategies that deliver long-term benefit to our company and supply chain. These are considered in bi-weekly reporting to senior management, monthly meetings of the UK management team, and quarterly re-forecasting of our business outlook.
- 2. Interest of employees:**  
The company issues performance, operating or status updates to staff, either in writing or via conference call.
- 3. Need to foster the Company's business relationships:**  
We actively seek to acquire new customers through a range of marketing, brand or business development initiatives. Our vision is that everything is possible through service, and this drives our customer service philosophy. Our supply of services is dependent on collaboration with a range of third party suppliers on a long term basis, and these are actively managed by our procurement team.
- 4. Impact on the community and environment:**  
Through our business model, the Company seeks to minimise its environmental impact. We invest in durable products manufactured to high-quality standards and maintain the pieces throughout the furniture rental process. Our products are durable enough to be reused several times within the rental cycle. At the end of their rental life, our furniture is taken to our CORT Furniture retail outlet to be sold to its forever home.
- 5. High standards of business conduct:**  
Our internal and external policies are reviewed by the Directors, and incorporate Anti-Bribery, Modern Slavery and General Data Protection Regulation requirements.
- 6. Act fairly between members of the Company:**  
We are a wholly owned subsidiary of Cort Business Services Corporation, a Berkshire Hathaway company. Our monthly management accounts and quarterly forecasts are reviewed by key management personnel, consistent with CORT best practice, and we participate in all required Berkshire group compliance and control activities.

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

.....  
**K. Ebenezer**  
Director

Date: 20 May 2022

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## CORT BUSINESS SERVICES UK LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors who served during the year were:

J. Pederson  
G. M. Smith (resigned 29 January 2021)  
D. Lansford  
B. Stahl (resigned 31 July 2021)  
K. Ebenezer  
M. E. Davis (appointed 31 July 2021)

#### **Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as either financial assets, liabilities or equity instruments.

#### **Disclosure of information to auditors**

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

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

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CORT BUSINESS SERVICES UK LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**Auditors**

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**Small companies note**

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

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

.....  
**K. Ebenezer**  
Director

Date: 20 May 2022

Unit 28 Barwell Business Park  
Leatherhead Road  
Chessington  
Surrey  
KT9 2NY

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CORT BUSINESS SERVICES UK LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORT BUSINESS SERVICES UK LIMITED

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**Opinion**

We have audited the financial statements of Cort Business Services UK Limited (the 'Company') for the year ended 31 December 2021, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity 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 31 December 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 Auditors' 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**

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

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

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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors'

## CORT BUSINESS SERVICES UK LIMITED Financial Accounts 2021-12-31

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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CORT BUSINESS SERVICES UK LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORT BUSINESS SERVICES UK LIMITED (CONTINUED)

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**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 set out on page 3, 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.

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CORT BUSINESS SERVICES UK LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORT BUSINESS SERVICES UK LIMITED (CONTINUED)

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**Auditors' 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 Auditors' 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:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:
  - The Companies Act 2006;
  - Financial Reporting Standard 102;
  - UK employment legislation;
  - UK tax legislation;
  - UK health and safety legislation;
  - General Data Protection Regulations
- We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgments made by management in its significant accounting estimates; and
  - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
  - The application of inappropriate judgements or estimation to manipulate the Company's financial position;
  - Posting of unusual journals and complex transactions; and
  - The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in its best interests.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we



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CORT BUSINESS SERVICES UK LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORT BUSINESS  
SERVICES UK LIMITED (CONTINUED)

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will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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

Andrew Hookway (Senior Statutory Auditor)

for and on behalf of

**Menzies LLP**

Chartered accountants

Statutory auditor

Ashcombe House

5 The Crescent

Leatherhead

Surrey

KT22 8DY

23 May 2022

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CORT BUSINESS SERVICES UK LIMITED

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INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Note	2021 £	2020 £
Turnover	4	4,584,575	4,497,468
Cost of sales		<u>(900,996)</u>	<u>(905,500)</u>
<b>Gross profit</b>		<b>3,683,579</b>	<b>3,591,968</b>
Distribution costs		<b>(788,143)</b>	<b>(465,162)</b>
Administrative expenses		<b>(2,931,638)</b>	<b>(2,885,227)</b>
Other operating income	5	<u>37,976</u>	<u>211,568</u>
<b>Operating profit</b>		<b>1,774</b>	<b>453,147</b>
Interest receivable and similar income		<b>3,448</b>	7,963
Interest payable and similar expenses	9	<u>-</u>	<u>(24)</u>
<b>Profit before tax</b>		<b>5,222</b>	<b>461,086</b>
Tax on profit	10	<u>122,648</u>	<u>(76,547)</u>
<b>Profit for the financial year</b>		<b><u>127,870</u></b>	<b><u>384,539</u></b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.

The notes on pages 13 to 22 form part of these financial statements.

All the activities of the company are from continuing operations.

**CORT BUSINESS SERVICES UK LIMITED**  
 REGISTERED NUMBER:06448915

**STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	<u>2,911,521</u>	<u>2,368,052</u>
		2,911,521	2,368,052
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	974,676	554,040
Cash at bank and in hand		<u>2,823,540</u>	<u>3,590,890</u>
		3,798,216	4,144,930
Creditors: amounts falling due within one year	13	<u>(1,003,530)</u>	<u>(934,645)</u>
<b>Net current assets</b>		<u>2,794,686</u>	<u>3,210,285</u>
<b>Total assets less current liabilities</b>		<u>5,706,207</u>	<u>5,578,337</u>
<b>Net assets</b>		<u>5,706,207</u>	<u>5,578,337</u>
<b>Capital and reserves</b>			
Called up share capital		1,000,000	1,000,000
Profit and loss account		<u>4,706,207</u>	<u>4,578,337</u>
		<u>5,706,207</u>	<u>5,578,337</u>

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

.....  
**K. Ebenezer**  
 Director

Date: 20 May 2022

The notes on pages 13 to 22 form part of these financial statements.



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CORT BUSINESS SERVICES UK LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2020</b>	2,000,000	4,193,798	6,193,798
<b>Comprehensive income for the year</b>			
Profit for the year	-	384,539	384,539
Shares cancelled during the year	(1,000,000)	-	(1,000,000)
<b>Total transactions with owners</b>	(1,000,000)	-	(1,000,000)
<b>At 1 January 2021</b>	1,000,000	4,578,337	5,578,337
<b>Comprehensive income for the year</b>			
Profit for the year	-	127,870	127,870
<b>At 31 December 2021</b>	<u>1,000,000</u>	<u>4,706,207</u>	<u>5,706,207</u>

The notes on pages 13 to 22 form part of these financial statements.

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CORT BUSINESS SERVICES UK LIMITED

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ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	3,590,890	(767,350)	2,823,540
	<u>3,590,890</u>	<u>(767,350)</u>	<u>2,823,540</u>

The notes on pages 13 to 22 form part of these financial statements.

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## CORT BUSINESS SERVICES UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. General information

Cort Business Services UK Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office is disclosed on the company information page.  
The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £.

#### 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The company's profitability in 2021 was reduced due to the impact of the Coronavirus (Covid-19) pandemic on the UK economy and our key sectors of relocation and residential letting services, and of the fire at neighbouring premises early in the year. Demand in key sectors started to rebuild in the second half of 2021, and the directors have the expectation that this trend will continue in 2022. The company installed a major project in London during 2021 and will benefit from the full annual revenues from this through 2022 into 2023. The company continue to make good progress consolidating operations after the disruption caused by the fire. In addition, the company continues to hold the support of its parent company, who in turn have the support of Berkshire Hathaway, should they require it.  
As a result, and with net assets in excess of £5.7m and with cash at bank of £2.8m, the directors believe that there is no material

least twelve months from the date of approving these financial statements.

**2.3 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Berkshire Hathaway Inc as at 31 December 2021 and these financial statements may be obtained from 3555 Farnam Street, Omaha, NE 68131.

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## CORT BUSINESS SERVICES UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.4 Revenue recognition

###### **Operating lease income**

Income from the operating lease rental of domestic and office furniture is recognised in the profit and loss account in the period to which it relates.

###### **Finance lease income**

Amounts due from lessees in respect of assets held under finance leases are included in debtors at the amount of the net investment in the lease.

Rental payments under finance leases are apportioned between interest, which is credited to the profit and loss account as gross earnings, and repayment of capital, which reduces the amount due from the lessee.

Gross earnings from finance leases are allocated to accounting periods to give a constant periodic rate of return on the net cash investment in the lease, using the investment period method of allocation. The initial direct costs incurred in negotiating and arranging finance leases are charged to the profit and loss account in the period in which they are incurred.

###### **Other**

Other turnover amounts comprise the invoiced value of goods and services supplied by the company, excluding value added tax.

##### 2.5 Finance leases and hire purchase contracts

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

##### 2.6 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.

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## CORT BUSINESS SERVICES UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.6 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:

Rental assets	- Between 2 and 5 years with 0-40% residual value
Motor vehicles	- Over the term of the lease
Fixtures and fittings	- 15% 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.

##### 2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

##### 2.8 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.

##### 2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

##### 2.10 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently



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## CORT BUSINESS SERVICES UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 Statement of Financial Position 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 reporting date.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Depreciation is the main estimation area.

In making its judgement for depreciation management has considered the benefit accruing over the useful life of the asset. Impairment reviews are carried out on a timely basis to ensure that the accounting policy adopted reflects a true and fair value of the assets.

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## CORT BUSINESS SERVICES UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 4. Turnover

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

	2021 £	2020 £
Rental and sale of furniture	4,584,575	4,497,468
	<u>4,584,575</u>	<u>4,497,468</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,584,575	4,458,848
Rest of the world	-	38,620
	<u>4,584,575</u>	<u>4,497,468</u>

#### 5. Other operating income

	2021 £	2020 £
Government grants receivable	37,976	211,568
	<u>37,976</u>	<u>211,568</u>

Government grants relate to claims under the UK Government's Coronavirus Job Retention Scheme.

#### 6. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ (2020 - ).

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CORT BUSINESS SERVICES UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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7. **Staff costs**

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

	2021 £	2020 £
Wages and salaries	1,769,709	1,693,029
Social security costs	182,835	161,138
Cost of defined contribution scheme	53,519	45,741
	<u>2,006,063</u>	<u>1,899,908</u>

The average monthly number of employees, including directors, during the year was 47 (2020 - 48).

8. **Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	172,242	298,941
Company contributions to defined contribution pension schemes	6,000	12,000
	<u>178,242</u>	<u>310,941</u>

9. **Interest payable and similar expenses**

	2021 £	2020 £
Bank interest payable	-	24
	<u>-</u>	<u>24</u>

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CORT BUSINESS SERVICES UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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10. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	(78,639)	76,547
	<u>(78,639)</u>	<u>76,547</u>
<b>Total current tax</b>	<u>(78,639)</u>	<u>76,547</u>
<b>Deferred tax</b>		
Fixed asset timing differences	386,472	-
Short term timing differences	(1,900)	-
Unrelieved tax losses	(428,581)	-
<b>Total deferred tax</b>	<u>(44,009)</u>	<u>-</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(122,648)</u>	<u>76,547</u>

**Factors affecting tax charge for the year**

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>5,222</u>	<u>461,086</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	992	87,606
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,988	3,773
Capital allowances for year in excess of depreciation	(87,459)	(14,832)
Other tax charge on exceptional items	(43,169)	-
<b>Total tax charge for the year</b>	<u>(122,648)</u>	<u>76,547</u>

**Factors that may affect future tax charges**

The corporation tax rate will increase to 25% from 1 April 2023.

CORT BUSINESS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Tangible assets

	Rental assets	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2021	3,862,089	256,718	261,690	4,380,497
Additions	1,938,145	-	91,278	2,029,423
Disposals	(1,652,856)	-	(261,690)	(1,914,546)
At 31 December 2021	<u>4,147,378</u>	<u>256,718</u>	<u>91,278</u>	<u>4,495,374</u>
<b>Depreciation</b>				
At 1 January 2021	1,681,091	189,806	141,548	2,012,445
Charge for the year	453,990	36,496	10,684	501,170
Disposals	(783,439)	-	(146,323)	(929,762)
At 31 December 2021	<u>1,351,642</u>	<u>226,302</u>	<u>5,909</u>	<u>1,583,853</u>
<b>Net book value</b>				
At 31 December 2021	<u>2,795,736</u>	<u>30,416</u>	<u>85,369</u>	<u>2,911,521</u>
<i>At 31 December 2020</i>	<u>2,180,998</u>	<u>66,912</u>	<u>120,142</u>	<u>2,368,052</u>

Included in the cost value of fixed assets at the year end is £4,147,378 (2020 - £3,862,089) of assets used to generate rental income by the company. At the year end accumulated depreciation for these items totalled £1,351,642 (2020 - £1,681,091).

12. Debtors

	2021	2020
	£	£
Trade debtors	243,882	210,933
Other debtors	260,886	9,663
Prepayments and accrued income	298,983	309,996
Tax recoverable	126,916	23,448
Deferred taxation	44,009	-
	<u>974,676</u>	<u>554,040</u>

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**CORT BUSINESS SERVICES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**13. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	301,529	216,755
Other taxation and social security	234,919	179,284
Other creditors	70,487	135,129
Accruals and deferred income	396,595	403,477
	<u>1,003,530</u>	<u>934,645</u>

**14. Deferred taxation**

The deferred tax asset is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	44,009	-
	<u>44,009</u>	<u>-</u>

**15. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £53,519 (2020 - £45,741). Contributions totalling £5,965 (2020 - £5,500) were payable to the fund at the reporting date and are included in creditors.

**16. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	607,303	391,879
Later than 1 year and not later than 5 years	104,401	482,344
	<u>711,704</u>	<u>874,223</u>

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CORT BUSINESS SERVICES UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**17. Controlling party**

The ultimate parent company is considered to be Berkshire Hathaway Inc, a company incorporated in the United States of America and quoted on the New York Stock Exchange. The company's immediate parent is Cort Business Services Corp, a company incorporated in the United States of America, registered address being 14850 Conference Center Dr #110, Chantilly VA 20151.  
Copies of the group accounts of Berkshire Hathaway Inc. may be obtained from 3555 Farnam Street, Omaha, NE 68131.

