O.C.S. GROUP LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2020

O.C.S. GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

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O.C.S. GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

P. Slator	(Chairman)
J. Hunter	(Group Chief Executive)
J. Darnton	(Group Finance Director)
C.B. Stephens CBE	(Senior Independent Director)
D.J. Atkins	
W.J. Barnes	
J.B. Coghlan	
I.A. Hemming	
L. Stewart	

COMPANY SECRETARY

M. Clark

EXECUTIVE LEADERSHIP TEAM

J. Hunter
J. Darnton
R.I. Baylie
M. Clark
J.I. Corner
E.W.J. Cowell
M.G. Holgate
G.C.B. Mahe
R.J. Taylor
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BANKERS

HSBC Bank plc, London
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INDEPENDENT AUDITOR

Deloitte LLP
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COMPANY REGISTRATION NUMBER

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O.C.S. GROUP LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The OCS Group is a fifth-generation family-owned business established over 120 years ago, in its current form delivering essential and critical facilities services including cleaning, security, passenger assistance, aviation support services, catering, front of house, support services, mechanical engineering and electrical services. The Group also delivers serviced office solutions through its Landmark business. The Group has a strong focus on offering sustainable value-adding solutions with operations across Asia-Pacific, the United Kingdom, Ireland and the Middle East.

The Group has a strong market presence across prioritised sectors in key geographies, including business and industry, destinations and venues, financial and professional services, government, healthcare and education, aviation, manufacturing and technology, alongside its serviced office solutions business.

BUSINESS REVIEW

The Group celebrated its 120th anniversary at the beginning of 2020 and launched its new brand promise "Partnership made Personal". The Group also continued to promote its core values of "Care, Safety, Trustworthy and Expert". Partnership made Personal is our promise to our clients and to each other. It means we care, we listen to clients' needs and we support and invest in our people. We work with clients to help them achieve their goals and so, in turn, improve the experience of their customers. The brand promise supports and complements our values and ensures solutions are delivered that support the success of our clients in delivering compelling service propositions and customer experience. The Group wishes to service clients who need us for the long term and the business is proud to be a trusted service partner of choice for a diverse range of clients across our chosen markets. These core values and the brand promise are important to the way we operate and are fully embraced by our colleagues around the world.

New and important clients have elected to adopt OCS and Landmark as their service partner of choice in 2020. We have been delighted to continue to expand the client base of the Group, both in the UK and internationally, in a period of uncertainty both for the facilities services and serviced office sectors and the broader global economy. The Group has continued to evolve its different service offerings to clients in its chosen priority markets, deciding where it is most capable of winning by delivering compelling value propositions and service.

During the year the Group acquired a facilities services business in Malaysia, strengthening its position in the hi-tech manufacturing and healthcare sectors and adding valuable specialist cleaning capability to the portfolio. Results in 2020 were in line with acquisition expectations and have exceeded targets in early 2021.

On the whole the Group proved to be resilient through the global coronavirus pandemic, with different impacts experienced in different sectors. This was supported by essential self-help and accessing government support where available. The Group exited 2020 as a strong, net debt free business that, once the crisis phase of the virus abates, is ready to further scale and grow in its priority geographies and sectors. The Group took necessary and early action to restructure parts of its business where demand was unlikely to return in the medium term, for example aviation, and made use of government support to retain staff where demand for services temporarily contracted. Colleagues across the Group showed incredible commitment and courage during the worst of the crisis period, continuing to provide essential services in often challenging and high-risk environments. The Group enters 2021 with optimism to continue to execute its strategy with the capacity to invest both organically and through bolt-on acquisitions. The Group will remain highly disciplined in its bid protocols and utilisation of capital to ensure that any opportunities pursued are earnings accretive, cash generative and offer a fair reward for the services performed and the associated contractual risks.

The serviced office market has been significantly impacted by the pandemic and whilst the flexible serviced office market should exhibit long term growth characteristics, given the operational gearing of the business towards return to work in offices particularly in London, we anticipate difficult trading conditions in this market until 2023.

COVID-19 pandemic

2020 brought about a year that none of us could have foreseen, with the global coronavirus pandemic impacting every part of our lives and business. The strength of our Group, its heritage, values and brand promise - "Partnership made Personal", along with the huge commitment of our employees , enabled us to continue delivering services to our clients as a stable and trusted organisation.

We entered the pandemic in robust health having completed our four year business transformation programme with strong liquidity, sales and EBITDA performance. 2020 Q1 results exceeded targets as we commenced a focused growth phase. COVID-19 then changed the Group's immediate priorities, which moved to protecting the business during the worst period of the crisis and to prepare it to be ready to resume the growth agenda from a position of strength as the crisis abates and restrictions lift across the territories in which the Group operates.

STRATEGIC REPORT (continued)

At the frontline of society, we saw increased demand for some of our essential services, ensuring the safe operation of vital infrastructure in healthcare and government. The retail, hospitality and aviation sectors were impacted by national government restrictions and the closure of borders. Lockdowns forced the closure of leisure and entertainment venues, and work from home directives impacted business and manufacturing facilities, including our UK Landmark serviced office business. In line with our competitors, we saw changing demand patterns and we had to respond to these changes with speed and agility.

Given the impact on our services, we adapted to meet the changing needs of our clients and help them navigate through the pandemic – while ensuring that the safety and wellbeing of our colleagues remained our number one priority. Across the world, our clients turned to us for additional specialist cleaning services and we also supported the mobilisation of field hospitals and COVID-19 treatment centres. We worked with our clients to develop and implement COVID-secure environments, and Landmark launched its "Clean Start" programme, showcasing how our essential services and our expertise can rebuild public confidence in the office being a safe place to work.

2020 was also about building our business for the future and we were very proud that some new clients turned to OCS as an essential service provider and that many of our existing clients trusted us to continue to deliver for them. We were also successful in penetrating new sectors such as data centres and the thriving logistics sector.

Unfortunately, the pandemic meant we had to take some difficult but necessary actions to ensure we continue to be a healthy business in the long term, including restructuring and reducing our footprint in sectors that we expect to remain challenged in the mid to long term, for example aviation. These decisions have always been made and implemented in accordance with our values. One of our key objectives has been to protect as many jobs as possible, which we have achieved by redeploying colleagues and accessing government support where available across our territories. We are committed to being a sustainable business, offering employment opportunities to jobseekers through schemes such as People into Work in the UK and Workbridge in New Zealand, as well as development opportunities through our UK apprenticeship programme. We also understand the mental stress that can be placed on frontline colleagues and those on furlough for a long period. They have been actively encouraged to access our Safecall helpline and to have regular contact with their management or team leaders, to support well-being.

Our supply chains have continued to be well managed. The response to the pandemic by our procurement teams has been excellent and has focused on carefully coordinating and sourcing essential supplies including staff PPE at the right time and quality, to keep the business on track and our staff protected. Our supply chain has also been successfully managed through the initial period post Brexit, having undertaken significant contingency planning to ensure resilience.

Our technology and processes have supported remote working, enabling non-frontline employees to work effectively from home. There has been an observed increase in cyber-crime across global businesses. In response the Group invested in prevention tools and in early anomaly detection and continues to adapt to the challenges faced by all businesses to avoid business disruption.

The pandemic has proven OCS to be an agile and resilient business and, while the situation remains unpredictable and dynamic, we look ahead with confidence. We have a clear purpose as an essential and critical service provider, with high levels of control and governance and we are proud to provide essential services into government, healthcare and a broad range of business and industry sectors. We continue to fully support clients in aviation, hospitality and leisure and we will be there for these clients as their businesses start to recover. Our Landmark business is well placed to recover when market conditions improve and people return to offices. We continue to view the flexible serviced office market as offering strong potential for long term value growth as companies increasingly embrace greater flexibility in the way their people work.

In the medium term we anticipate that the Landmark business and the serviced office sector will continue to see an adverse impact from COVID-19 due to the exit occupancy position in 2020 and effects of the restrictions of the 2021 lockdown. Strategy work is ongoing to assess how Landmark's model needs to adapt to take full advantage of anticipated higher demand for flexible space as part of its recovery when restrictions are lifted.

We remain a strong sustainable business because of the clear decisions we have made about our priorities, the swift measures we have taken, and the extraordinary efforts of our colleagues around the world. Whilst COVID-19 will likely continue to affect our lives for some time, the vaccination programme and early observed signs of economic recovery in the territories in which we operate should support a progressive improvement in the business environment as we move through 2021. Financial projections to 2023 demonstrate that the Group will maintain its strong financial position, with good levels of liquidity and remaining within bank covenant requirements, including when stress tested against alternative downside scenarios.

CORPORATE GOVERNANCE REVIEW AND SECTION 172 STATEMENT

The corporate governance principles applied by the Company and how the Directors have considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duty under section 172 are included in the Directors' Report.

O.C.S. GROUP LIMITED

STRATEGIC REPORT (continued)

FINANCIAL REPORT

The Group concluded its four year transformation plan at the end of 2019, emerging as a strong sustainable business, ready to start the growth phase with a re-focused portfolio and clear sector strategies. The impact of the pandemic required a more cautious approach to portfolio management, resulting in the Group completing only one bolt-on acquisition, in Malaysia.

The Group results show a profit after taxation excluding exceptional items of £4.9m (2019: £1.9m). After exceptional items the loss after taxation for the year was £48.0m (2019: £2.5m).

The Group results reflect continued improvement in the trading performance before exceptional items, in line with management expectations. The trading challenges created by the pandemic were successfully managed, particularly in the facilities services businesses, which achieved their pre-pandemic EBITDA targets. The Group incurred a very significant exceptional cost of £56.4m (2019: £5.3m) driven by the need to swiftly restructure parts of the business permanently impacted by COVID-19, for example parts of the aviation business in the UK, and the Group impaired the carrying value of the serviced office business (no cash impact in 2020) due to the impact of the 'work from home' government policy in the UK.

The transition to the growth phase for the Group was limited by events in year, particularly in Landmark but the Group is well placed to resume its growth phase as restrictions lift during 2021, led by the facilities services business. At the same time as delivering excellent service to clients we have invested in sales leadership and capability and are preparing to resume our growth strategy in targeted sectors. As economic conditions progressively improve, the Group plans to take full advantage of the economic bounce back expected across the territories in which it operates. The Group exited 2020 tracking ahead of its cash objectives. We have used the ability to defer payments where possible to protect cash flow and liquidity and we expect this to partially unwind in 2021. Overall liquidity is expected to remain strong with extremely low levels of gearing. The Group continues to be net debt free at the end of 2020, resulting from successfully executed divestments in recent years and a strong working capital control programme.

The Group's £70m revolving credit facility with HSBC and Barclays has recently been renewed and is now fully committed to 30 April 2024, giving the Group the capacity and capability to invest in future opportunities for growth.

Reported results for the year

Details of the results for the year are set out in the profit and loss account on page 33.

	2020	2019
	£'000	£'000
TURNOVER	**922,317**	989,919
GROUP OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	**12,445**	10,439
Exceptional items	**(56,374)**	(5,330)
GROUP OPERATING (LOSS)/PROFIT	**(43,929)**	5,109
PROFIT AFTER TAXATION - excluding exceptional items	**4,947**	1,904
LOSS AFTER TAXATION - exceptional items	**(52,953)**	(4,380)
LOSS AFTER TAXATION	**(48,006)**	(2,476)

Turnover at £922.3m (2019: £989.9m) decreased by 6.8% from a downturn in demand in certain sectors of the facilities services businesses and the UK serviced office solutions business following the impact of the pandemic across many of the Group's key territories.

Group operating profit before exceptional items increased to £12.4m (2019: £10.4m), mainly due to lower administrative expenses. Exceptional items in the year, mainly relating to COVID-19 related restructuring costs, provisions and asset impairments, were a net cost of £56.4m (2019: £5.3m). After exceptional items, the operating loss was £43.9m (2019: profit of £5.1m).

COVID-19 related government grants of £42.6m to support the continued employment of employees were recognised in the year.

The Group's share of operating profit of joint ventures increased to £1.6m (2019: £1.5m) and the Group's net finance cost was £2.2m (2019: £2.9m), the reduction being reflective of the effective working capital and capital expenditure management and consequential lower gearing during the year.

The Group's tax charge for the year was £3.5m (2019: £6.2m), reflecting the territorial distribution of the Group's operations.

Pre-exceptional profit after taxation increased to £4.9m (2019: £1.9m) and after the impact of exceptional items the Group's total loss after taxation was £48.0m (2019: £2.5m).

Trading results

The trading results for the year (excluding joint ventures and exceptional items) are set out below:

	2020	2019
	£'000	£'000
TURNOVER	**922,317**	989,919
Cost of sales	**(841,923)**	(859,511)
Government grant income	**41,069**	-
GROSS PROFIT	**121,463**	130,408
Administrative expenses	**(110,522)**	(119,969)
Government grant income	**1,504**	-
GROUP OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	**12,445**	10,439
Amortisation of goodwill and brands	**10,000**	9,879
EBITA (excluding exceptional items)	**22,445**	20,318
Depreciation *	**19,049**	18,863
EBITDA (excluding exceptional items)	**41,494**	39,181
Turnover growth	**-6.8%**	
Gross profit %	**13.2%**	13.2%
Overheads % **	**10.9%**	11.1%
EBITA growth	**10.5%**	
EBITDA growth	**5.9%**	

* Depreciation is depreciation and impairment of tangible fixed assets and amortisation of software excluding exceptional items
** Overheads % is administrative expenses excluding amortisation of goodwill and brands divided by turnover

In 2020 the Group continued to focus on winning contracts where it had a strong competitive position and offered the right value proposition for the right reward, maintaining strong bid disciplines. Selective investment in sales leadership and resources has been made to ensure the deployment of global best practice and facilitate the development of clear value propositions by sector and geography.

As a percentage of turnover, gross profit remained stable at 13.2% (2019: 13.2%) despite economic pressures as a result of the pandemic, reflecting good management of our cost base in proportion to demand and government support measures. Overheads reduced to 10.9% (2019: 11.1%), reflecting restructuring and strong cost management.

EBITDA, a key profit metric for the Group calculated before exceptional items, was £41.5m, a 5.9% increase on the 2019 result. EBITDA as a percentage of turnover increased to 4.5% (2019: 4.0%). The growth in EBITDA shows 2020 to be another step up in the Group's performance and is reflective of the re-focused portfolio and careful overhead management.

Financial position

The financial position of the Group at 31 December 2020 is set out in the balance sheet on page 35. The Group's net assets have decreased to £43.8m (2019: £92.0m), mainly due to the loss after taxation of £48.0m (impacted by the net post-tax exceptional costs of £53.0m).

£16.7m of impairments to goodwill were made in 2020 (2019: nil). The impairments mainly relate to the Landmark businesses (£15.2m) where, due to the effects of COVID-19, the carrying values of goodwill exceeded the estimated recoverable amounts. The other goodwill impairment charge of £1.5m relates to the sale of a non-core business in 2021.

The Board reached an agreement with the pension trustee in 2018 on the conclusions of the triennial valuation of the main OCS UK defined benefit scheme, which has been closed to new members since 2000. The agreed future funding plan recognises the progress made in reducing this pension liability substantially over the past few years, providing much needed security for pensioners. The net deficit on retirement benefit liabilities has reduced to £3.8m at 31 December 2020 (2019: £7.8m) after lump sum contribution payments in the year of £4.4m (2019: £7.8m).

Net cash funds were £87.5m (2019: £18.1m), reflecting the improved trading performance of the Group, good control of working capital as demonstrated by a reduction in debtor days, alongside some temporary tax and Landmark rent deferrals and reduced capital expenditure. The Group's cash position has benefitted from £20.8m of deferred UK VAT payments and £27.8m of deferred UK commercial rent payments by the Group's Landmark serviced office businesses as the Landmark directors have had to very carefully manage cashflows and protect liquidity in the face of severely depressed results due to COVID-19. The Company has extended financial support to the Landmark business through additional intercompany loan funding of £12.0m in the year. Deferred VAT is fully payable by 31 January 2022 and tenant protection in respect of deferred rent payments continues until 30 June 2022 under the latest government moratorium. Other short term tax deferrals were in place during the year but did not benefit the Group's closing cash position.

KEY PERFORMANCE INDICATORS

The Group's Key Performance Indicators (KPIs) remained financially focused in 2020 given the importance of demonstrating successful management of the pandemic-induced economic pressures presenting in the year. EBITDA was the Group's primary profit measure in the year as it provides a close linkage to cash performance:

- EBITDA (Group operating profit before joint ventures and exceptional items and before depreciation/amortisation and impairment of tangible and intangible fixed assets) was £41.5m (2019: £39.2m)
- Net cash funds of £87.5m (2019: £18.1m)
- Debtor days (trade debtors as a percentage of annualised turnover) of 36.1 days (2019: 38.6 days)
- Net assets of £43.8m (2019: £92.0m)

The Group ends the year with a stable balance sheet and 2020 performance, whilst impacted by COVID-19, was ahead of expectations set by management at the early stages of the pandemic.

REVIEW OF OPERATIONS

International Facilities Services

2020 began as a year of promise and growth, with the first quarter's results ahead of management expectations and prior year for the same period. Subsequently the effect of the pandemic unfolded, with governments imposing various levels of lockdown. Exiting 2019 in a strong liquidity position and the resilience of the services and sectors the Group operates in were key to the Group being able to manage the business through a challenging year. We demonstrated that the business can flex its cost base quickly to changing demand, improve productivity and manage resources successfully, as well as taking advantage of any new opportunities presenting. We are now in a very good position to manage any further virus impacts and to resume our growth agenda as economies recover and bounce back to pre-pandemic levels. The drive to develop sales and commercial capability will underpin our ability to achieve 2021 objectives. Operating the business in market sector verticals continues to be a very effective way to deliver the Group's value propositions to clients.

The **UK, Ireland and Middle East** (UKIME) business had a good year of profit performance, exceeding expectations set as the full impact of the pandemic unfolded and delivering growth on prior year results. This is a significant achievement in the circumstances. A strong UK bidding and sales engine with appropriate financial bid disciplines is now well established, with some significant wins adding further scale to the government sector in particular. The business was quick to respond to offer new services or to help both new and existing clients manage the impacts to their own businesses and relationships with clients have deepened even further, as reflected in further improved Net Promoter survey scores. Cash management emerged as a strength with significant improvement in working capital and in particular debtor days against prior year. The UK business and its clients benefited from the government's furlough initiative which helped retain staff while demand for services in some sectors temporarily contracted. Where this reduction in demand was assessed as more permanent, particularly in aviation, management restructured and reduced the size of the workforce. Ireland faced challenges in year from the contraction of the aviation sector, temporarily reducing turnover and profit. Management mitigated the impact by winning additional services and clients in more resilient sectors and made significant overhead savings. In the Middle East, the UAE and Saudi Arabia businesses generated good profit growth year on year but cash generation remains below expectations and remains an area of focus.

Priority sector choices continue to underpin the strategic focus of the UKIME region. The successful mobilisation in the UK government sector of a significant contract in April 2020 was achieved in the face of very challenging conditions. This, together with a robust response to the pandemic and the strength of 2020's results in the region's more resilient sectors will support the businesses' ability to deliver the plan in the coming year.

Asia-Pacific had another positive year. The Group's market leading businesses in Thailand and New Zealand both continued to deliver strong profitability in 2020, despite the pressures from government restrictions. The Thai business in particular increased productivity of employees by improving workforce management processes throughout the pandemic. The New Zealand government was particularly supportive in response to COVID-19, meaning the business could protect employment following, amongst other things, the complete closure of borders. The Australian facilities management business improved profitability during the year, supporting the decision to restructure in 2018. India was heavily impacted by the virus and we acted quickly to close and restructure substantial parts of the operation to leave a profitable core of loyal clients. No government support was available in India to protect jobs and management worked extremely hard to ensure colleagues leaving the business were treated fairly and received all redundancy amounts they were due. With a new slimmed down business and investment in sales leadership, India has started 2021 strongly winning new business in its chosen market sectors. Malaysia reported profits broadly in line with prior year despite losing a key client in the resort sector due to the impact of the pandemic on tourism. The acquisition of the ISS Malaysia business on 31 October 2020 strengthens specialist cleaning capabilities and increases access to new sectors. The integration is progressing to plan and margins remain strong.

STRATEGIC REPORT (continued)

Serviced Office Solutions

Landmark is a UK business with a clear client focus and an established brand and value proposition. In the last few years Landmark has scaled significantly, both organically and by way of acquisition, including in 2019 the acquisition of The Space Holdings London Limited. Landmark's performance in 2020 was very significantly impacted by the 'working from home' directive, preventing most clients from occupying offices and leading to lower renewals of existing clients and lowering levels of sales to new clients. The lasting impact on paid occupancy has led to the business becoming loss making as we move through 2020 into 2021, triggering significant exceptional impairments and provisions in the year. Partial mitigation has been provided by negotiations with those landlords who have supported the business to reduce the rental cost base on a temporary or permanent basis.

In the long term we believe Landmark continues to present an opportunity for value creation in a flexible working market with the virtual office and hybrid working patterns becoming more prevalent. There are positive long term growth dynamics but we anticipate challenging market conditions to continue to exist through to 2023. The business is expected to continue to face short term pressures on income and profitability until restrictions lift and there is a return to work, particularly in London.

FUTURE DEVELOPMENTS

The business conducted a strategy review in 2018 that clarified 'where to play' and 'how to win'. Although the growth agenda was temporally slowed by the pandemic, the strategy remains valid and was further refined in the 2021 budget and a subsequent two year business plan was prepared in Q4 2020. Management teams worked diligently to further increase market understanding in each territory. This has enabled informed choices about the services and sectors where OCS can win and further develop value propositions for current and future clients.

The speed of recovery in Landmark remains the Group's principal uncertainty. Recent UK government announcements point towards restrictions being lifted by mid-2021 which is in line with our planning assumptions and our expectation of a return to pre-COVID levels by the end of 2023.

The Group has the financial stability and strategic options available to accelerate and augment further value creation and embraces the future with confidence.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board's approach to risk identification and risk management and the most significant identified risks that threaten the delivery of the Group strategy are discussed in the Directors' Report within Principle Four of the Corporate Governance Report. Further details on financial risks are given below.

Financial risks

The Group's policy on liquidity is to ensure that it has committed borrowing facilities available to provide continuity of funding.

The Group's £70m revolving credit facility with HSBC and Barclays has been recently renewed and is now fully committed to 30 April 2024. Covenants as defined in the facility cap net debt at 2.5 times EBITDA and require a minimum fixed cover ratio reflective of the level of the Group's serviced office business. This facility provides the Group with a strong level of committed borrowing facilities for the future and given the low level of forecast utilisation, affords it a good level of financial flexibility to pursue the available strategic growth options in its sectors of choice.

The Group has continued to fully comply with its banking covenant tests in 2020.

The Group is exposed to interest rate risk on its bank debt and seeks to manage volatility through a blend of fixed rate and floating rate facilities. The Group is net debt free at the balance sheet date.

The Group trades in many countries and is exposed to foreign exchange risk related to dividend income from overseas subsidiaries and the translation into sterling of the reported results and net carrying value of overseas investments. There has been a foreign exchange gain of £0.2m (2019: loss of £1.1m) on the conversion of overseas results and net assets. These amounts are shown in the statement of comprehensive income, not the profit and loss account.

The Group manages its exposure to foreign exchange risk and constantly monitors the market. The policy applied is that where the Group elects to hedge it does not engage in speculative derivatives, only considering hedging certain known transaction exposures, favouring the opportunity for a natural hedge where possible. In addition, a policy of regular cash repatriation is in place to ensure that excess funds do not accumulate overseas. Within each country treasury is reasonably self-contained and there is little operating activity denominated in non-domestic currencies and very limited intercompany trading.

The Group's credit risk is primarily attributable to its trade debtors which are stated net of provisions for doubtful debts. Debtor days (trade debtors as a percentage of annualised turnover) are 36.1 days (2019: 38.6 days), reflecting continued focus on robust credit control and cash collection. The Group credit risk exposure is spread over many clients, sectors and countries. The credit risk on liquid funds is minimal as the Group uses a mixture of established banks with good credit ratings in the territories in which it operates.

The Group's exposure to commodity price risk is limited, being restricted primarily to fluctuations in fuel and energy prices. The procurement function actively monitors contractual price inflation and is the primary mechanism for supplier contract negotiation.

STRATEGIC REPORT (continued)

STAKEHOLDER RELATIONSHIPS

The Group's approach to engaging with all stakeholders, including employees, shareholders, the community, the environment and health & safety matters are discussed in the Directors' Report.

OCS has some 72,000 staff worldwide including joint ventures, around 200 shareholders and thousands of retired members of staff. As a people business OCS, internationally, is a very significant employer in the territories in which it operates.

The Group has the scale and opportunity to make a significant and positive contribution to the communities in which it operates and the environment. The Board takes that commitment very seriously and wants to build a business that does things in the right way and is a good member of society.

This Strategic Report is approved by the Board of Directors and signed on behalf of the Board.

Malcolm Clark

Company Secretary

8 April 2021

O.C.S. GROUP LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

The Strategic Report on pages 2 to 8 contains a fair review of the Group's business and a description of the principal financial risks and uncertainties facing the Group. Information ordinarily required to be included in the Directors' Report covering financial risk management and an indication of likely future developments in the business has been referred to in the Strategic Report.

CORPORATE GOVERNANCE REPORT

As reported last year, the Board adopted the Wates Corporate Governance Principles for Large Private Companies, following the introduction of The Companies (Miscellaneous Reporting) Regulations 2018.

In adopting the Wates Principles, the Directors present below how they have applied the Principles over the past year and how the Directors have met their duty under section 172 of the Companies Act 2006.

Principle One - Purpose and Leadership

OCS is a fifth generation 121-year-old family-owned business, delivering essential and critical facilities services including cleaning, security, passenger assistance, aviation support services, catering, front of house, support services, mechanical engineering and electrical services. The Group also delivers serviced office solutions through its Landmark business. The Group has a strong focus on offering sustainable value-adding solutions and has operations across Asia-Pacific, the United Kingdom, Ireland and the Middle East. The Group benefits from a well dispersed set of interested shareholders, which has expanded to the fifth generation of the family. The Board has continued to appreciate the encouragement, support, engagement, and interest demonstrated by shareholders especially during the current pandemic. In 2016 the Board arranged for a Corporate Governance Committee to be formed, to undertake a review of its relationship with its shareholders with the aim of "Improving engagement between the Company and its Shareholders". As part of the process, the Committee adopted a definition of family business governance as "Fair structures, processes and policies that achieve transparency and organised accountability between the owners and the Board in service of the agreed shared purpose". The agreed shared purpose remained unchanged in 2020 and is summarised as:

- Generate consistent, sustainable returns in line with industry peers from the portfolio of businesses in the OCS family. These returns will come from both income and capital growth, with consistent income generation of primary importance.
- Manage the business within an agreed level of debt and risk, thereby ensuring its safe passage to future family generations.
- Operate with sustainable core values that will deliver the desired future. These values to be based on sound ethical principles and recognising our responsibilities for colleagues, the communities in which we operate and the environment.
- Progressively build the OCS brand equity internationally so that we are famous for being a family owned business, which is a great place to work and delivering great service. This is the OCS way.

The Board believes that the definition of family business governance adopted in 2016 by the Board sits well under the Wates Principles, as these are the core principles under which the OCS business is conducted and aligns with the values of OCS.

At the time of the shareholders' consultation in 2016 it was envisaged that the process would be repeated every five years. The Board intends to undertake a further review to understand the current sentiment of shareholders towards the shared purpose and whether anything has changed since 2016. The Board feels the exercise is best undertaken by a governance committee in an inclusive way with some face-to-face interaction. As such, subject to COVID-19 restrictions, the Board envisages this exercise *taking place during Q3 2021.*

In 2018 the Group undertook a detailed strategy review, which highlighted that the market environment in which the Group competes varies significantly by territory. Inherently the facilities services market is a lower margin business internationally, where scale is important to create value and where generally hard services attract a better margin than soft services. The UK serviced office market has historically been a higher margin sector but has been significantly impacted during the year due to COVID-19. In contrast, the facilities services sector, whilst being badly impacted by corporate financial and reputational failures in the UK in recent years, has not been as severely affected by COVID-19, except for India and, in all geographies, catering services and the aviation and retail and destinations sectors.

Across all our markets prior to COVID-19 there was a constricted supply of labour and colleague retention rates outside of the UK were low, creating higher costs and risk. During the year, the pandemic's economic impact and the perceived risk to employment, together with a strong operational focus on colleague retention, has meant the retention rates and supply of employees improved, reducing the risk to sourcing labour significantly. The COVID-19 impacts are, however, potentially temporary as economies recover. Considering risks and opportunities identified and in line with the common shared purpose of having a sustainable business, the Group formed a strategy to have a strong market presence across prioritised industry sectors, which were determined to be business and industry, destinations and venues (retail and stadiums), financial and professional, government, healthcare and education, aviation, manufacturing and technology, alongside a robust serviced office business in the UK.

This sector-based strategy sets the growth agenda for the next phase in the development of the Group and as part of the process, clear portfolio choices and investment priorities were identified and have been enacted. Making focused future investment choices against clear facts and market analysis has been particularly important during the pandemic. Systems improvements, process enhancements and actions across the human resources/leadership agenda were also identified.

DIRECTORS' REPORT (continued)

In light of the impact of the worldwide COVID-19 pandemic, in March 2020 the Group formed a Project Management Office (PMO) chaired by the Group Chief Executive Officer. The first priority of the PMO was the safety and well-being of the Group's employees, many of whom work on the front line performing essential and highly valued tasks in healthcare, government and other critical environments. The importance and value our clients place on our services has been strongly evident during the crisis and we expect this to be retained into the future, underpinning the confidence we have in the longer term prospects of the Group. The purpose of the PMO has been and continues to be to support and coordinate the Group response to COVID-19 with the key areas being:

Economic impacts
- Financial performance
- Liquidity, treasury and cash
- Restructuring
- Fiscal incentives

Business impacts
- Business continuity
- Legal and specific contract impacts
- Supply chain health
- Sales fightback
- HR

Stakeholders
- Employees
- Clients
- Government
- Suppliers
- Board and shareholders

This approach has enabled the Board to monitor the key operational and financial impacts taken through reports and presentations made to the Board during the year.

In line with the response to COVID-19, a clear strategy for each company within the Group has been agreed with the Board with the approval of the annual budget and two-year plan. This approval considers the key strategic programmes both short and long term, together with financial resilience and provision of liquidity required. In approving the strategy, the Directors also consider external factors and in particular this year have been conscious of the economic, political and market conditions which could impact on the strategy due to uncertainties created by COVID-19. The Board is conscious that it may need to review its strategy in relation to its Landmark serviced office business, if the market does not improve at the rate forecast in the medium term. The current strategy has been clearly communicated and local management teams are working to deliver on the agreed objectives for each company/territory. The strategy has been communicated and presented to shareholders with the shareholders being supportive of the Board in delivering the strategy in line with the shared purpose recognising the uncertainties created by COVID-19.

Shared purpose

In support of the shared purpose, our values are "Care, Safety, Trustworthy and Expert". They guide everything we do, and everything we do not do. They represent us at our best. By living our values, we focus not just on what we do for our clients but how we do it, delivering great service that demonstrates our care and safety, and how we are trustworthy and expert, time after time. We celebrate those who place our values at the heart of their day-to-day roles through our internal recognition schemes and on our external communication channels, inspiring not only our colleagues across the globe, but our clients too.

We are a people business employing some 72,000 employees within the Group and our joint ventures. Our colleagues are employed under formal contracts. We also use agency workers and temporary workers, but irrespective of the type of contractual arrangement, as stated above, our priority is the safety and well-being of our employees and our agency and temporary workers, many of whom work on the front line and are performing critical and highly valued tasks in healthcare, government and other environments, which are vital to our clients in continuing to operate their own businesses. Many of our clients have not been able to operate their business as normal due to COVID-19 and as a result we have had up to 10,000 colleagues unfortunately not working at any one time, many of whom we were able to support through government subsidies in each country and with client support.

Through our PMO we have been tracking return to work of our colleagues during the year, which has occurred to varying degrees and on a phased approach in most territories. Where government grants and incentives have been available, we have taken advantage of these to support our colleagues, but in some countries, there have been very limited incentives available. Against this backdrop, due to the impact on many clients, particularly in the aviation and hospitality sectors, it has been necessary to make a number of colleagues redundant across the Group, but wherever possible we have tried to find alternative work for our colleagues. Key performance measures for our colleague turnover are being reported on each month and are included within Monthly Operating Reports submitted to the Board. We continue to facilitate development opportunities through training, as well as delivering critical training modules on health, safety and IT security.

Our externally facilitated whistleblowing service operated by Safecall is now fully embedded in all parts of the Group, which allows our colleagues to report issues via a dedicated free phone number, email, or via Safecall's website. Colleagues can report concerns relating to their working environment in a safe and secure way, including concerns about misconduct, wrongdoing, or unethical practices. In line with our values, we look to create a culture of openness and we actively promote the speak up scheme throughout the business via the Code of Conduct, intranet site, workplace posters and other means. All reports are sent to the Group Company Secretary and the Group HR Director, who ensure appropriate investigations are undertaken in a transparent manner. At each scheduled Audit & Risk Assurance Committee meeting, a paper is presented to the committee that includes all cases reported in the Group and the actions taken.

Principle Two - Board Composition

As a family business, in addition to the Chairman, there are three elements to the Board. The Executive Directors, the Family Non-Executive Directors with special responsibilities for representing the family and the Independent Non-Executive Directors. This structure is designed to create Board and shareholder alignment on the direction and strategy of the Group.

The current Board of Directors is:

Peter Slator	Chairman from 1 January 2020 (previously Group Chief Executive)
John Hunter	Group Chief Executive from 27 March 2020, previously Group Finance Director
James Darnton	Group Finance Director (appointed 1 April 2020)
Christopher Stephens CBE	Senior Independent Non-Executive Director
David Atkins	Independent Non-Executive Director (appointed 11 March 2021)
Wendy Barnes	Independent Non-Executive Director
John Coghlan	Independent Non-Executive Director
Louise Stewart	Family Non-Executive Director
Ian Hemming	Family Non-Executive Director

The Company and the Group have provided qualifying third-party indemnities for the benefit of the Directors of the Company and for the benefit of the directors of the Company's subsidiary undertakings in the year and up to the date of this report.

Chairman

In line with the shareholder consultation undertaken in 2016, the Chairman of the Company may be either a family or non-family director and currently the Chairman **Peter Slator** is non-family.

As reported last year Peter Slator was appointed Chairman on 1 January 2020 having previously served as the Group Chief Executive Officer from December 2015 to December 2019.

Peter spent five years at Rentokil Initial prior to joining OCS as Divisional Managing Director for their European and Pacific business and prior to that 28 years at Unilever working in UK, Africa and Asia Pacific, in a range of corporate and senior general management roles. His last role in Unilever was CEO of the Pacific business based in Sydney. During this role he was also the Chairman of the Australian Food and Grocery Council for four years.

Executive Directors

As detailed above Peter Slator stepped down as Chief Executive Officer on 31 December 2019 and was succeeded by John Rajchert as the Group Chief Executive on 1 January 2020. John Rajchert was appointed to lead the growth strategy of the Group, but due to the intervention of the unprecedented challenge of COVID-19 it was felt it was best for him to step aside and for the existing well-established Group Executive Leadership Team to lead the co-ordinated response to COVID-19 with speed and confidence. Equally as important it allowed John to return overseas to be with his wife and family. As a result, he stepped down as Group Chief Executive on 27 March 2020 and John Hunter, the Group Finance Director, was appointed Group Chief Executive Officer.

Following John Hunter being appointed Chief Executive Officer he stood down as Group Finance Director and James Darnton was appointed in his stead. James has been with the Group for just over three years and held the position of Regional Finance Director UKIME.

John Hunter has leadership experience across a broad range of industries. He has primarily spent his career in global organisations, with his previous roles including finance and general management. He has lived and worked in Europe, Asia and the US. Some of the previous positions John has occupied include the role of CFO ICI Paints a leading global decorative company and CFO and CEO of SDL PLC, a leading language and content management technologies company listed in the UK. He spent 20 years in the ICI Group in various international roles.

James Darnton has held a number of senior roles within the service sector including being the Finance Director of Initial Catering Services for over six years and spending 13 years at G4S, where he was Regional Finance Director UK and Africa for nine years before moving to Regional CFO Asia Middle East for G4S where he was responsible for financial leadership of a large portfolio of businesses providing security services, cash management and government support services. Most recently he was Group CFO at VPS Ltd, a private equity backed company specialising in vacant property security.

DIRECTORS' REPORT (continued)

Independent Non-Executive Directors

The Board had three Independent Non-Executive Directors during the year, Christopher Stephens (Senior Independent Non-Executive director) Wendy Barnes and John Coghlan. In addition, David Atkins joined the Board as an Independent Non-Executive Director on 11 March 2021.

Christopher Stephens was previously Group Human Resources Director of Exel (now DHL), the international logistics company. Since 2002, Christopher has held several non-executive roles including as non-executive director of WSP, a global engineering consultancy from 2003 to 2012 and Holidaybreak plc, a travel and education business from 2008 to 2011. He was Chairman of Traidcraft from 2006 to 2011. From 2011 to 2016, Christopher was Chairman of the Judicial Appointments Commission. In 2016, he was awarded a CBE for services to the Judiciary. Prior to this, he was a Member of the Senior Salaries Review Board and a Civil Service Commissioner (2004-2009).

Christopher also has extensive experience in the charitable sector. He is a Trustee of Power to Change, a company endowed with £150m of Big Lottery Funding, to help build community businesses across the UK. He was reappointed Chairman of the DHL UK Foundation in July 2015, having previously undertaken the role from 2005 to 2011.

Christopher chairs the Remuneration Committee and sits on the Audit & Risk Assurance Committee and Nominations Committee.

Wendy Barnes, a statistician by profession, spent over 23 years in the utilities industry, working with British Nuclear Fuels Limited and United Utilities Group PLC. In her executive roles, she held responsibility for customer service, business development and strategy. Since 2002, Wendy has had a portfolio career, with non-executive roles and consultancy work in both the private and public sector, including security, defence and the environment. From 2011 to 2012, Wendy was a Director General at the Department of Energy and Climate Change (DECC). Currently she serves as non-executive director on the boards of BMT Group and Scottish Power.

Wendy has experience and a special interest in information risk and cyber security. She is a director of Templar Executives and acts as an external advisor in raising cyber awareness on private and public sector boards. Wendy was appointed a Non-Executive Director on 8 July 2015 for a period of three years and the Nominations Committee and the Board subsequently agreed to appoint Wendy for a further term of three years from 8 July 2018 to 7 July 2021. At the end of Wendy's term of office, she will step down as a director of the Company.

Wendy chairs the Audit & Risk Assurance Committee and also sits on the Remuneration Committee and Nominations Committee.

John Coghlan has extensive experience as a non-executive director across a number of sectors, currently including Clarion Housing Group and Severn Trent PLC. John is a chartered accountant and, prior to taking up various non-executive roles over the last 12 years, was Deputy CEO/Group CFO of Exel (now DHL) for 11 years and held other finance roles earlier in his career. John was appointed as a Non-Executive Director on 14 January 2019 for a period of three years with his term of office expiring on 13 January 2022.

John sits on the Audit & Risk Assurance Committee, the Remuneration Committee and the Nominations Committee. John will take over the chair of the Audit & Risk Assurance Committee from Wendy Barnes in July 2021.

David Atkins brings strengthened property expertise to the Board. David was appointed in March 2021, recently having stepped down as CEO of Hammerson plc, a leading FTSE 250 European property business with a gross asset value of circa. £6 billion. He expanded the portfolio to twelve European countries, plus a small investment in China and ultimately led a successful Rights Issue and portfolio disposal in 2020. In addition, he led the company's ESG strategy and in 2015 launched a carbon net zero initiative, the first property company to do so. David is also currently a non-executive director at Whitbread Plc.

David sits on the Audit & Risk Assurance Committee and the Nominations Committee.

Family Non-Executive Directors

The two Family Non-Executive Directors of the Company are **Louise Stewart** and **Ian Hemming**. Both Louise and Ian sit on the Audit & Risk Assurance Committee and Nominations Committee. Louise also sits on the Remuneration Committee.

Louise Stewart was approached to run a start-up beauty business in Wimbledon, following an early career in retail management with Harvey Nichols. Identifying an opportunity, she bought the business in 1982. The following 19 years comprised growing the business together with family life. She then successfully negotiated the sale to a high street chain. After a period as an independent consultant, Louise teamed up with a medical surgeon to set up one of the UK's first Medispas in 2004. The business has enjoyed consistent growth and is considered to be a market leader in its sector. Louise was appointed a family Non-Executive Director on 1 November 2015 for a period of three years. The Nominations Committee and the Board had extended Louise's appointment to 8 July 2021, but have now agreed this will be extended for a further three year period to 8 July 2024, subject to re-appointment under the Articles of Association of the Company.

Ian Hemming has 25 years' experience working for FTSE 100 listed Informa plc. During his 15 years as CEO of Informa Telecoms & Media, Ian was responsible for operations in Europe, Asia, Middle East, Africa and North America and led the successful acquisition and integration of six businesses into the group. He was also member of the Group Operating Board and the Group Risk Committee. A business graduate from the University of Bath, Ian completed the Advanced Management Program at Insead in 2003. Ian is currently Managing Director of Events at The Economist Group, where he is also a member of the Executive Leadership Team. Ian was appointed a family Non-Executive Director on 10 July 2017 for a period of three years. The Nominations Committee and the Board have extended Ian's appointment to 9 July 2023.

Appointment and reappointment of Directors

All proposed appointments and reappointments are formally considered by the Nominations Committee before being proposed to the Board.

All newly appointed Directors hold office until the dissolution of the Annual General Meeting following their appointment, unless they are re-appointed during the meeting. At every Annual General Meeting all directors retire from office and subject to the Articles of Association of the Company may, offer themselves for reappointment by the members.

All Non-Executive Directors are appointed for an initial fixed period normally of three years and thereafter, subject to satisfactory performance and being reappointed at each Annual General Meeting, they may serve for further terms with a maximum recommended period of nine years in office.

The Company operates Diversity & Equal Opportunities Policies and is committed to promoting equal opportunities in employment and creating an inclusive working environment in which diversity is valued and celebrated. The Company recognises that diversity promotes innovation and business success, as each colleague brings unique capabilities, experiences and characteristics to the workforce, increasing creativity, flexibility and productivity. The Board through the Nominations Committee does not set predetermined diversity targets for membership of the Board but looks to ensure there is an appropriate balance of expertise and diversity.

As referred to above, all Directors stand for re-election at each Annual General Meeting of the Company and the Board believes that it will benefit from the re-election of all Directors at the forthcoming Annual General Meeting.

Board and Committee performance evaluation

The Board performance and Committee evaluation process this year began in December 2020 with an internal evaluation of the performance of the Board and the Committees being undertaken by the Chairman, facilitated by a questionnaire completed by each Director and the Company Secretary. An evaluation of the Chairman's performance was facilitated by the Senior Independent Non-Executive Director and by the completion of a questionnaire by each Director and the Company Secretary. The results of the questionnaires were shared with the Board at a meeting in February 2021. Through the evaluation process, there was agreement that the Board and its Committees operate effectively and that the structure of the Board allows effective decision-making and independent challenge.

Through the evaluation process the Board acknowledged the lack of diversity and the Board is committed to developing diversity as part of its succession planning without compromising on experience or merit.

The Board also recognised the need to strengthen the level of property expertise on the Board due to the Company's continued investment in Landmark, the Group's serviced office business, over recent years and the need to ensure Landmark adapts its post pandemic strategy to the forward market situation. As a result, with effect from 11 March 2021, David Atkins was appointed a Director of the Company.

There was general agreement that the range of subjects addressed by the Board had been wide, despite the urgency and importance of the operational and commercial issues generated by the COVID-19 crisis. Where notes of caution emerged, they were almost entirely around the difficulties of maintaining effectiveness in a virtual world and as soon as conditions allowed the Board would resume meeting in person but would continue where beneficial to hold virtual meetings. All Directors have confirmed that they have sufficient time to devote to the affairs of the Company.

Annual performance appraisals of the Executive Leadership Team members are undertaken by the Group Chief Executive, to whom they report. The performance appraisals of the Group Chief Executive and the Non-Executive Directors are conducted by the Chairman, taking into account the views of other Directors.

Development

All Directors have access to training to enable them to carry out their duties effectively and can take independent professional advice in furtherance of their duties if necessary.

Principle Three - Director Responsibilities

Board accountability

The Board is collectively responsible to the shareholders for ensuring the long term success of the Company, together with the overall strategy, management, direction and control of the Group. It is also responsible for monitoring the Group's performance and for ensuring that prudent and effective controls are in place to manage risk in line with the board's risk appetite. The Board sets the Group's values and standards to ensure its obligations to its various stakeholders are met.

The Chairman takes responsibility for leading the Board and ensuring that it functions effectively, promoting open debate and facilitating constructive discussion. The Group Chief Executive together with the Board, are responsible for the development of the Group strategy. The Group Chief Executive has responsibility for delivery of the Group strategy together with all aspects of the operation and management of the Group.

The Board considers that the balance of relevant experience amongst the various Board members, should enable it to exercise effective leadership and control of the Group. It also ensures that the decision-making process cannot be dominated by an individual or a small group of individuals. As the Company is a family business, under the Articles of Association the Family Non-Executive Directors have certain veto rights if they vote collectively against the resolution of the Board.

There are eight scheduled meetings in the year, at which the Board reviews all significant aspects of the Group's activities, monitors the performance of the executive management team reviews corporate risks and makes decisions in relation to those matters that are specifically reserved to the Board. Additional meetings of the Board are held as and when required. There is a formal schedule of reserved matters which is reviewed on an annual basis and includes the approval of:

- the Group's strategy and long term objectives
- significant acquisitions and disposals
- dividend policy
- treasury policies
- internal controls
- risk management
- financial and reporting controls.

The Company has a Group Executive Leadership Team (ELT) who has responsibility for implementing and delivering the Group strategy, together with responsibility for the day to day running of the Group. The ELT meets on a regular basis, however due to COVID-19, it has not been in a position to meet face to face during the year therefore has met virtually. The ELT during the year comprised:

John Hunter	Group Chief Executive
James Darnton	Group Finance Director (from 1 April 2020)
Richard Baylie	Group Chief Information Officer
Malcolm Clark	Group Company Secretary
Marianne Holgate	Group Director of HR and Corporate Affairs
Jon Corner	Chief Commercial Officer (from 3 February 2020)
Ed Cowell	Chief Executive Officer – Landmark (from 1 September 2020)
Gilles Mahe	Chief Executive Officer - APAC
John Spencer	Chief Executive Officer – Landmark (until 31 August 2020)
Robert Taylor	Chief Executive Officer - UK, Ireland and Middle East
Scott Thorn-Davis	Group General Counsel (from 1 October 2020)

The Company maintains Directors' and Officers' liability insurance cover.

The Board has delegated certain of its powers to Board Committees, namely Nomination, Remuneration and Audit & Risk Assurance Committee, which deal with specific aspects of the Group's affairs. Each Committee has written terms of reference which are reviewed on annual basis. For each Board and Committee Meeting there is a formal agenda with supporting papers issued in advance of each meeting. The Board receives a summary each month of the Group's financial performance, including both financial and non-financial key performance metrics. In addition, the Board receives Regional Operating Reports which provide comprehensive information on the performance of each subsidiary in the Group. These reports together with additional information on issues affecting the business, in particular full reports and presentations on the Group' response to COVID-19, have enabled the Directors to monitor and challenge the performance of the Group and make informed decisions.

DIRECTORS' REPORT (continued)

Nomination Committee

The Nomination Committee comprises Peter Slator, Christopher Stephens, Wendy Barnes, John Coghlan, Louise Stewart, Ian Hemming, David Atkins and John Hunter. Peter Slator chaired the Committee during the year. From 1 January 2020 John Rajchert was also appointed to the Committee but stepped down on 27 March 2020 and John Hunter was appointed in his stead. The Committee undertakes a regular review of succession planning for the Executive Directors, the Executive Leadership Team and other senior management of the Group. It is responsible for ensuring that the membership and composition of the Board has the necessary diversity, balance of the skills, competencies and attributes required to lead the Group.

Remuneration Committee

The Remuneration Committee comprises Christopher Stephens (Chair), with other members of the Committee being Wendy Barnes and John Coghlan, both Independent Non-Executive Directors and Louise Stewart, a Family Non-Executive Director. Executive Directors are not permitted to sit on the Committee. The Committee is advised by the Group Chief Executive, the Group Director of HR and Corporate Affairs and independent advisers, as and when necessary.

The Group's remuneration policy is to provide executive remuneration packages which are designed to align the financial interests of executives and shareholders, attract, motivate and retain directors of high calibre and to reward them for enhancing value to shareholders. All Executive Directors have service contracts with the notice period being twelve months.

As part of the Company's corporate governance review, the Company voluntarily adopted as far as practicable, the standards on reporting director's remuneration that apply to quoted companies. The Board prepares a separate Remuneration Report for shareholders each year and has a formal Remuneration Policy. During the year the Company operated in line with the Remuneration Policy which was approved by Shareholders at the last Annual General Meeting of the Company.

Audit & Risk Assurance Committee

The Audit & Risk Assurance Committee comprises Wendy Barnes (Chair), Christopher Stephens, John Coghlan, Ian Hemming, Louise Stewart and David Atkins. The Committee meets at least three times per year at appropriate times in the financial reporting and audit cycle and otherwise as required. The Committee provides a forum for reporting by the Group's external auditor and meetings are also attended by certain executives, by invitation. The Committee is responsible for reviewing and reporting to the Board on a range of matters including:

- the annual financial statements and significant reporting judgements therein
- developments in accounting and reporting requirements
- the scope, effectiveness, independence and objectivity of the external audit
- meetings with the external auditor including discussion of their management letter
- the appointment of external auditors and their remuneration
- internal control and risk management systems
- reviewing and challenging the mitigation of the key business risks
- reviewing the organisation's compliance with procedures, controls and systems for detecting fraud; the prevention of bribery and whistleblowing
- internal audit.

The external auditor of the Company is Deloitte LLP. The Committee takes seriously its responsibility to put in place safeguards to ensure the independence, objectivity and effectiveness of external audit. There is a formal policy in place to cover the use of the external auditor and for obtaining approval from the Audit & Risk Assurance Committee on the use of the auditor for non-audit work.

The members of the Audit & Risk Assurance Committee have met with the external auditor to discuss the results of the audit of the 2020 financial statements without Executive management present. The Committee also reviewed and approved the letter of representation required by the auditor. Deloitte LLP as auditor has confirmed to the Audit & Risk Assurance Committee that it remains independent within the meaning of APB Ethical Standards and has maintained internal safeguards to ensure its objectivity.

Executive Committee

In addition, the Board has an Executive Committee, with its members being the Chief Executive Officer, Group Finance Director and Group Company Secretary who meet as and when required to approve bids and other matters in line with the Scheme of Delegated Authority approved by the Board.

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DIRECTORS' REPORT (continued)

Conflicts of interest

The Articles of Association of the Company set out how a Director shall not infringe his duty to avoid a conflict situation and the process to be followed if the situation arises. Directors declare any conflicts of interest at each meeting of the Company. The Board also has a formal share dealing policy which restricts the ability of the Directors and other senior employees to trade in the shares of the Company from 1 December each year, to the date the Company's new annual share valuation is announced to shareholders. The Board may also determine at other times if it is appropriate to declare a closed period when the Board is in possession of inside information.

In line with the Company corporate governance arrangements, all Directors' and members of the Executive Leadership Team's share dealings are published on the Company Shareholder Portal within seven days of the transaction taking place, showing the type of instrument, the nature of transaction, the price and volume, and the date of transaction.

Relations with shareholders

The Board has two Family Non-Executive Directors and as part of their responsibilities, they engage with family shareholders. During the year they have held individual virtual meetings with family shareholders and operated open virtual surgeries, inviting shareholders to meet with them to discuss views and concerns thereby facilitating a formal communication channel to ensure the Board is aware of and consider ongoing shareholder sentiment and feedback. The Company sends out regular updates to its shareholders on the trading position of the Group and developments that are taking place. Twice a year the Company holds formal business sessions for all shareholders, with one of the meetings coinciding with the Annual General Meeting. These meeting allow shareholders the opportunity to ask questions of the Chairman, Group Chief Executive Officer and Group Finance Director. Due to COVID-19, the Annual General Meeting of the Company together with the business sessions were held virtually, which was well received by shareholders as it allowed the opportunity for many more shareholders to attend the meetings.

Principle Four – Opportunity and Risk

The guidance supporting the Wates Principles states "A board has responsibility for an organisation's overall approach to strategic decision-making and effective risk management (financial and non-financial), including reputational risk. This requires oversight of risk and how it is managed, and appropriate accountability to stakeholders. The size and nature of the business will determine the internal control systems put in place to manage and mitigate both emerging and principal risks. Some companies may decide to delegate to a committee to oversee such matters." It also specifies "A board should consider and assess how the company creates and preserves value over the long term. This requires boards to consider both tangible and intangible sources of value, and the stakeholders that contribute to it. This should include processes for the identification of future opportunities for innovation and entrepreneurship. Such opportunities may often be dependent on an agreed risk appetite and the company's long term strategy and prospects. It may also include processes for ensuring that new business opportunities of a certain value are considered and approved at board level".

Risk identification

The Board and the Executive Leadership Team regularly review identified risks and new risks, with the Board undertaking two formal risk register review meetings each year. Risk accountability is effectively devolved, with each strategic risk assigned to a member of the Executive Leadership Team (ELT).

Additionally, due to the pandemic, a separate COVID-19 Risk Register was prepared with any specific risks identified being managed by the Project Management Office, established to manage the impact of these risks, as detailed below, in so far as it concerned the Board response to COVID-19.

To provide assurance on risk management, the Audit & Risk Assurance Committee undertakes "deep-dive" reviews on targeted, specific risks and has the responsibility for:

- keeping under review the effectiveness of the Company's internal controls and risk management systems
- monitoring the mitigation taken by the Company in managing the target risks
- keeping under review the Company's overall risk assessment processes that informs the Board's decision making
- review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

The Group Risk and Assurance Manager holds regular meetings with each member of the ELT via a structed conversation to identify the most significant risks under their areas of responsibilities. These risks are recorded with agreed mitigations and controls put in place (including financial, operational and compliance related controls). The risks identified form part of the overall process highlighted above with the most significant risks identified by the Board and ELT being:

- inability to adapt the strategy to frequent changes in government policies, market and economic conditions, including COVID-19
- inability to grow the contract portfolio or adopting misaligned investment plans leading to non-delivery of the strategy
- inadequate response to changing market conditions in the serviced office sector
- increasing frequency of terrorist attacks, threat of cyber-attack and information security breach.

DIRECTORS' REPORT (continued)

During 2020 the Group has addressed these strategic and portfolio risks by undertaking detailed market analysis country by country, including the use of external advisors to provide market assessments and further insights, to refine its strategy. Investment in business development resources has been made, focused on identified market sectors that offer the best prospects for revenue growth at attractive margins. More recently the Group has undertaken a detailed review of the serviced offer sector and Landmark's position within it.

The Group has strengthened its information security infrastructure, investing in prevention tools and in early anomaly detection and continues to adapt to the challenges faced by all businesses to avoid business disruption.

COVID-19

To manage the Group through the COVID-19 pandemic and recovery phases, as stated above, a dedicated Project Management Office ('PMO') was established to co-ordinate the Group's response. The PMO connects directly with each territory on the execution of pandemic responses which vary country to country reflecting different approaches taken by different governments and varying degrees of support. Each territory has been prime in executing plans under a common framework with the support of the PMO. The role of the PMO has been and continues to be:

- ensuring business continuity, enacting and adapting relevant plans
- identifying the expected impacts of the pandemic, including how the recovery phases are expected to be realised and mitigating risks to the Group
- working with each territory to protect liquidity
- managing the changing client requirements and their impacts on colleagues
- co-ordination of the global supply chain response, ensuring continuity of supply of equipment and resources in line with local legislation
- *updating the risk register, identifying new risks and deploying immediate action to mitigate their impact*
- providing a forum to share ideas and to provide best practice guidance, including that from third parties such as economists, regulatory and government bodies
- driving the demand recovery agenda in a controlled manner, revising value propositions where needed and identifying where commercial investment is required.

In addition, the Group Chief Commercial Officer has coordinated a global sales fightback initiative led by regional and territory leadership teams to ensure that the Group responded to take advantage of opportunities arising in the changing markets, including pre-opening activities, and ensuring that the path taken during the recovery from the pandemic is managed appropriately. This is to be achieved by adapting or enhancing commercial policies and metrics where needed to protect profitability and to ensure an appropriate return on commercial investment is achieved and to absolutely ensure that client requirements are supported as the situation continues to change.

The PMO activity has allowed the Group to identify and to mitigate commercial, operating and financial risks arising from the *pandemic, co-ordinating across the globe. The key risks that were identified as part of this process were:*

- **financial resilience**: in the event of a failure to mitigate the impact of COVID-19 insufficient liquidity and risk of not fulfilling bank facility covenants
- **employee related risks**: including inability to adapt to new working conditions, availability and continuity of government support, resource planning for sufficiency of labour to fulfil commercial obligations, incapacity of key employees, complying with regulatory and safety requirements in diverse operating territories and the quality and consistency of communication across the whole workforce
- **client impacts**: inability to engage with our client base under appropriate commercial terms and the financial vulnerability of clients in particular sectors
- **revenue levels**: reduction in the short term, a more protracted recovery in some sectors and the impact of longer term economic recession, offset to some degree by opportunities in sectors with sustained and increasing demand
- **cyber-crime**: increased threat of cyber security breach or fraud.
- **supply chain**: disruption to supply chain integrity.

The expected impact on the going concern position of the Group, once consideration of these risks has been taken into account, is described in the Going Concern section of this Directors' Report on pages 27 and 28.

DIRECTORS' REPORT (continued)

To improve financial resilience, the Directors instigated a number of mitigating actions to minimise the impact on profitability and cashflow, thereby ensuring sufficiency of liquidity in the period expected to be impacted by uncertainty, before the economies in which we operate recover to normal levels:

- cancelling dividends in 2020 - the importance of dividends to shareholders is recognised but the payment of future dividends will only restart when the Board considers it appropriate to do so based on presenting circumstances at the time
- discretionary capital and operating expenditures were largely postponed or cancelled
- participation in government grant and tax deferral support schemes where possible and appropriate
- long term incentive scheme vesting dates scheduled for the first half of 2020 have been delayed
- payments due under the 2019 short term incentive schemes were delayed from April 2020 to October 2020 and the structure of the 2020 scheme has been reviewed with the Remuneration Committee to reflect changes in the Group's position as a result of the pandemic
- all Directors have taken a voluntary, temporary pay reduction and annual salary increases were cancelled, both these actions were mirrored for much of the senior and middle management teams
- necessary downsizing restructuring was being undertaken in those geographies and sectors most badly affected
- increasing our level of focus on working capital management and bad debt control, with enhanced forecasting of liquidity across the Group
- ensuring our control, governance and risk monitoring environments are maintained to a high standard, with complete integration to operational workstreams, including a cross reference to the pre-COVID-19 risk register to ensure all risks are addressed concurrently
- the serviced office business carried out property related discussions in order to partially mitigate significant impacts from reduced demand by agreeing and negotiating reduced charges.

Other COVID-19 related impacts on the Group and its stakeholders in year and results of the response to other risks identified are discussed within this corporate governance report in the relevant sections and in the Strategic Report on pages 2 to 8.

Risk management

The risk management methodology adopted by the Board has proved to be an effective framework for driving risk management effectively throughout the Group. The methodology is being driven by the Group Risk and Assurance Manager to ensure consistency of approach and the Group Corporate Risk Register sets out clearly the likelihood and impact of each risk. The impact rating ranges from "Minimal" to "Catastrophic" and the likelihood from "Remote" to "Probable and Imminent". The accountable ELT member leads on developing mitigation plans for each risk and is also responsible for regularly reporting progress in addressing the risk and for ensuring timely implementation of the agreed risk management actions.

The Group operates a Scheme of Delegated Authority (SODA) which sets out authorisation levels for matters within defined financial limits. The levels are cascaded down from the Board, with each subsidiary having a SODA to assist in the effective management of risk. The Executive Committee and the Board consider all bids against pre-determined levels for each subsidiary, to determine whether such bids meet the Group's financial, strategic and legal objectives.

As part of the Group risk management process, a Code of Conduct is issued to all colleagues which summaries the Group's wide-ranging policies (including information security and personal data, anti-bribery, health & safety and whistleblowing) into a simple document to help guide all colleagues in how we go about our business day to day. It provides the guidelines for our ethical conduct as we carry out our everyday business and sets out acceptable standards of behaviour. All colleagues within OCS are required to follow this Code and this assists in the management of risk. During the year the Code of Conduct was updated and re-issued as part of the Group's continuing review of its communication and reporting processes.

As part of our processes, we operate a whistleblowing service operated by a third-party provider which allows our employees to report any concerns or wrongdoing anonymously. This forms an integral part of our risk management process. As mentioned previously at each Audit & Risk Assurance Committee a report is presented to the Committee showing all reports received. Where any report is of a material nature the Committee is provided with a full report setting out the circumstances and the action taken by management to address the issues together with any actions required before the matter is closed off.

In line with best practice, the internal audit responsibilities are defined into a charter, which is approved by the Audit & Risk Assurance Committee on an annual basis. The internal audit function reports to the Group Finance Director with a "dotted line" to the Chair of the Audit & Risk Assurance Committee. The Group Risk and Assurance Manager meets regularly on a one-on-one basis with the Chair of the Audit & Risk Assurance Committee which facilitates independence from audited activities and allows the internal audit function to achieve objectivity. The work of the internal audit function helps to provide assurance over the effectiveness of the Group's governance, risk and control frameworks.

The Audit & Risk Assurance Committee approve the appointment and removal of the Head of the Risk and Internal Audit function and assesses the internal audit function's performance against internal audit objectives. The annual internal audit plan is approved by the Committee. All amendments to the approved annual internal audit plan are communicated to the Committee through periodic update reports. The results of each internal audit are formally documented in an audit report for action by management. All actions are required to be closed off within a specified period and an explanation provided where corrective action will not be implemented. A report is presented to the Committee of any outstanding matters.

DIRECTORS' REPORT (continued)

Opportunities

The Group recognises that innovation is central to its growth strategy and is continually looking at the use of technology to meet our clients' needs. Investment has been made in Centres of Excellence for each key service and sector, in order to share best practice and innovative ideas across the Group. These Centres of Excellence report through the new Chief Commercial Officer recruited in February 2020. Through the Chief Commercial Officer, a framework for growth has been implemented with key performance measures being put in place to enable the Group to validate initiatives which create value.

Principle Five – Remuneration

The Wates Corporate Governance guidance states "appropriate and fair levels of remuneration help companies to secure and retain high-quality directors, senior management and their workforce. It, further states "remuneration for directors and managers should be aligned with performance, behaviours and the achievement of company purpose, values and strategy. In setting director and senior management remuneration consideration should be given to remuneration throughout the organisation to reinforce a sense of shared purpose".

The Company agrees with these statements and as a business employing some 72,000 colleagues including joint ventures in 14 countries, the success of the organisation is dependent upon our colleagues. Some markets, like the UK, have minimum wage obligations, as well as pressure for a range of "living wage" levels. Other countries have neither. In all cases, the Group will only win and retain business depending on the levels of wages that our clients are prepared to pay. Wherever we can, with client support, we pay above minimum wage. While it is possible to hire staff in some countries at minimum wage rates, we take market practice into account in deciding middle and senior management remuneration. To that end we aspire to be an employer of choice within the sectors we operate. By providing employment that treats people with respect and offering future career progression for those who seek this, we will retain our colleagues and their skills and experience for longer, which will enable us to achieve our strategy. Our approach to remuneration therefore recognises the diverse requirements and competitiveness of the geographical employment markets we operate in, changing client expectations and needs, legislation and cultural requirements.

As part of the overall annual review of remuneration for senior executives, the Group HR Director provides the Remuneration Committee with an overview of the general approach being taken to remuneration for the wider workforce including the approach being taken in the UK (and global) annual salary reviews. In the UK, we have OCS which is the largest privately owned facilities management company in the market employing approximately 17,000 employees who are predominately based at our client sites, providing cleaning, security, catering and other support services. We also have our serviced office business Landmark which operates throughout the UK. At OCS and Landmark, the same principles are applied for our front-line client facing employees and other employees, those principles being that overall remuneration should be market competitive to attract and retain employees. The Remuneration Committee considers Executive Directors' pay against the pay awards made in the UK and where appropriate, against external benchmarking data.

As mentioned in the response to COVID-19, and reflecting the Company's values, various senior management and directors throughout the Group voluntarily took temporary salary reductions in recognition of the significant challengers the business has faced during this difficult period.

Through initiatives undertaken in recent years the Group gained a much better understanding of colleague's views in relation to recognition and remuneration which enabled the Group to enhance its colleague proposition and retention rates. However, due to COVID-19 the employment of a significant number of our colleagues has been impacted this year, in a number of countries and market sectors as previously mentioned, due to the economic and financial impact on our clients in these markets. Where possible we have tried to mitigate job losses and have taken advantage of government support schemes to assist our colleagues in remaining in employment. Unfortunately, in a number of countries there has been no or very little government support which has meant in these countries there have been significant job losses, particularly in India. Due to the economic impact of COVID-19 and operational focus the overall retention rate of the business this year has improved which has been underpinned by previous initiatives.

The Group HR Director advises the Remuneration Committee on the design and structure of our Short Term Incentive Plan for the Executive Directors, members of the Executive Leadership Team and other senior managers in the organisation. The Remuneration Committee approves the overall structure of the plan, prior to it being cascaded down the organisation to ensure a consistent approach is taken. The Remuneration Committee also reviews and approves any Long Term Incentive awards to Executive Directors, members of the Executive Leadership Team and other senior managers in the organisation prior to their grant and vesting. To align the interests of management and shareholders, any share options granted to Executive Directors and senior management on or after 1 January 2019 under the Company Long Term Incentive Plan (LTIP), are required be held for at least two years after they are vested.

DIRECTORS' REPORT (continued)

As a private company, we are not required to comply with the CEO pay ratio disclosure requirements but have elected to disclose details. The legislation for public companies requires the ratios of total remuneration of the Chief Executive to the 25th, 50th and 75th equivalent percentiles of full-time equivalent colleagues to be published and companies can elect one of three calculation approaches.

We have chosen to use Option C to reference the CEO pay ratio. This option was chosen given the size and complexity of the benchmark in a business with significant part-time employment, variable working hours and colleagues operating in different trading sectors. We have comprehensive data collation and analysis for the purposes of UK gender pay gap reporting and are therefore able to use data for frontline colleagues providing cleaning, security, aviation services and stewarding services to minimise differences in pay definitions between the CEO single total remuneration figure and gender pay reporting. We believe this approach is the most appropriate and robust way for the Company to calculate the ratio.

The total pay of our frontline colleagues in the groups referred to above at the 25th, 50th and 75th percentiles and the ratios between the CEO and these colleagues, using the CEO total remuneration figure for 2020 of £448,000 are as follows:

CEO pay ratio	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
Total pay (FTE)	£18,353	£19,663	£22,145
CEO pay ratio	24.41	22.78	20.23

A significant portion of the Group CEO's total remuneration is in variable pay and therefore we expect the pay ratio to vary from year-to-year dependent on the outcome of both the Short Term and Long Term Incentive Plans. The Group Chief Executive elected not to receive a bonus in respect of 2020 given the pandemic.

Our gender pay gap reports for our OCS UK business are published on our website ocs.com. We are dedicated to creating a workplace where all employees feel part of the OCS community, are treated fairly and equally, and so can contribute fully to our vision and goals.

This can be evidenced by the analysis of our 2020 gender pay gap data, where the gap between male and female colleagues (5.05% mean (2019: 7.86%), 3.08% median (2019: 3.35%)) is lower than the national gender pay gap of 15.5% (2019: 17.4%) as reported by the Office of National Statistics in April 2020 for all employees (part time and full time). But we are not complacent. We have undertaken detailed analysis of the data to understand our position, as shown in the report. Our reported gender pay gap includes the impact of the breadth of front-line employee roles we have in the UK business, and the relative proportion of male and female employees within these different roles. We believe that having a diverse culture generates diversity of thinking, innovation, higher levels of colleague engagement and ultimately better outcomes for our clients. Whilst we understand our gender pay gap, we are committed to making OCS a more diverse and inclusive organisation, across the globe.

Principle Six – Stakeholder Relationships and Engagement

As stated under the Wates Principles "Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions". Also, as set out in section 172(1)(a) to (f) of the Companies Act 2006 the Directors have a duty to promote the success of the company and Section 172 states:

(1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
(a) the likely consequences of any decision in the long term;
(b) the interests of the company's employees;
(c) the need to foster the company's business relationships with suppliers, clients and others;
(d) the impact of the company's operations on the community and the environment;
(e) the desirability of the company maintaining a reputation for high standards of business conduct and;
(f) the need to act fairly as between members of the company.

The Board is committed to foster effective stakeholder relationships which are aligned to the Group's Shared Purpose. As set out in the shared purpose it is our core values that will deliver our desired future. These values, must operate on sound ethical principles, recognising our responsibilities for colleagues, the communities in which we operate and the environment.

The Group has several initiatives in place to engage with stakeholders and the Board has received regular updates as to the engagement with its stakeholders and their views. Particular focus areas for the Board in 2020 have included advising on Landmark's approach to engaging with landlords given the very significant impact of COVID-19 on the Landmark business and shaping the Group's policies in relation to environmental matters and sustainability which took a big step forward in the year.

The Board agreed that it would, during 2020, formally document its engagement programme with key stakeholders and how their views are considered in the Board decision making process. The formal documentation of the process has commenced and will be completed during 2021.

Suppliers

Our Landmark serviced office business operates from 48 centres and has relationships with over 40 landlords with whom we look to foster a positive, proactive and collaborative working relationship to ensure that they are fully aware of our strategy and the development of our business. As the COVID-19 pandemic has had a material commercial impact on the Landmark business and given the poor operating conditions in the serviced office market due to the pandemic which continued to deteriorate in 2020, negotiations with landlords have taken place to seek amendments to leases and concessions. Collaborative working solutions have been reached with several landlords. Unfortunately, in some cases it has not been possible to reach agreement on commercially acceptable terms, but the Landmark board continues to try to negotiate, reiterating the adverse impact of COVID-19. Due to the significant impact COVID-19 has had on Landmark, where rent and service charges have not been paid in full on the due dates Landmark directors have taken advantage of the protection afforded under The Coronavirus Act 2020 and The Corporate Insolvency and Governance Act 2020. Landmark will continue to assess the impact of COVID-19 into 2021 and will also continue to work with landlords where concessions have not already been given to look to offset some of the financial impact of COVID-19. The Landmark business feels that working to agree appropriate solutions with landlords in accordance with legal guidelines will create a better outcome for all stakeholders.

We actively engage with our suppliers and have open conversations about where they can help us develop. We believe in the value of true collaboration within the supply chain and feel it is vital for success. As each of our clients use part of our supply chain, whether that's the machines we deploy on-site, uniforms given to our employees, or materials that cleaning colleagues use, the relationship with suppliers is key to our ability to provide services to our clients. It is therefore necessary that we require a high performing, sustainable supply chain that operates to a consistent set of operating standards. Key suppliers in the UK are required to sign up to, observe and follow the requirement of our Supplier Charter. Our Supplier Charter sets out the expectation that our suppliers will adhere to our Core Values and follow our various policies including Health & Safety, Modern Slavery and Anti-Bribery. As part of our procurement process, suppliers are vetted to ensure that they have Health & Safety Policies, Modern Slavery Policies and have the necessary levels of insurance. Our suppliers and their staff are expected to report in confidence if something is not right. This may be that the Supplier Charter is not being observed, that corners are being cut, or that individuals are being asked to do something which contravenes law, breaches the OCS supplier contract, may negatively impact on the Group or, plainly and simply, doesn't feel right. In various territories where we operate, we have supplier conferences and workshops which assist in collaborative working, continual improvement and understanding. This process builds on the strong supplier contractual arrangements we have built up over many years, fostering effective relationships.

Examples of our collaboration can be seen across the globe, in the UK, our procurement team worked extensively with suppliers to ensure the impact of Brexit was mitigated through diligent planning and consideration of resilience of the vertical supply chain. In Thailand, our strategic supplier partner Karcher celebrated with our Thai business "Thank Your Cleaner Day" at Somdech Phra Debaratana Medical Centre, Ramathibodi Hospital. This included an awards presentation for the 'Most Dedicated Cleaner' and 'Smart Cleaner' for their dedication in their critical roles in infection control during the outbreak of COVID-19. In Ireland we successfully re-negotiated a significant number of our supplier costs in 2020 to reflect changes to requirements and implemented payment moratoriums where appropriate to support the business during COVID-19.

Clients

OCS works with over 20,000 clients around the globe to deliver essential and sustainable facilities management services, 24 hours a day. COVID-19 has highlighted the essential and critical services we provided in large hospitals from cleaning, catering and partnering portering services to maintaining critical plant equipment to ensure the safety and welfare of patients and staff. We provide the essential services that keep businesses and societies running day in and day out from large data centres to small private and public-sector enterprises, we work as a strategic partner to clients across a wide range of market sectors to deliver the highest standard of facilities management solutions and we tailor our services to meet the unique demands of each client and to help them to achieve their corporate objectives.

Given the challenging business environment due to the pandemic in year, we have had an unprecedented level of communication with our clients via socially distanced face to face meetings, video calls, emails, WhatsApp & Telegram Messenger communications. As the pandemic hit each client, we have worked with them to understand their changing requirements which in some cases have been significant reduction in services for our clients in the aviation, hospitality and retail sectors to increased services in the healthcare and data centre sectors. Our communication has been line with our strategic partnership approach which means we work as part of our clients' teams to deliver high quality, sustainable and essential facilities service solutions. As part of the development of our new Core Values last year we developed and defined our brand promise with our clients being "Partnership Made Personal". This means we encompass our values which enshrine our commitment to work in partnership with our clients to help them achieve their goals and improve the experience of their customers.

As reported last year, in the UK we were awarded a large contract with HM Courts & Tribunals Service (HMCTS) for the provision of security services across the 335 courts and tribunals buildings from 1 April 2020. This built on our successful mobilisation in 2018 of contracts with the Ministry of Justice and Home Office focused on security, catering, and cleaning. We are pleased to report that the HMCTS was successfully mobilised at the height of the pandemic despite the challenges faced. We are very appreciative of the support of HMCTS and all our colleagues involved in the mobilisation. We continue to work flexibly with HMCTS responding to changes to service requirements and demands due to the impact COVID-19 has had on the administration of the courts and tribunal services.

DIRECTORS' REPORT (continued)

At our serviced office business Landmark, prior to COVID-19 we were serving over 13,000 people every day, from fast-growing companies to established SMEs and as we represent our clients' businesses, our standards of service must be exceptional every time. At the beginning of the year, Landmark undertook an Institute of Customer Service Survey of our clients, to understand how we were performing and how we benchmarked against other businesses in the UK. The survey measured 26 metrics of client experience and Landmark scored an overall 82.9% - well above the service sector and UK averages of 76.6% and 77.1% respectively. Unfortunately, due to COVID-19 a large number of our service office clients have been severely impacted and this has been exacerbated by the various lockdowns imposed by government together with the advice to work from home if you can. We continue to work with our clients to understand their needs going forwards and to work with them in a flexible way. We are very grateful for our clients' support and as the COVID-19 landscape continues to change we will as always work to help our clients achieve their goals and work with them to improve the experience of their customers.

Throughout our business we operate Net Promoter Score, which measures client experience and allows us to understand how we can improve the services we are providing our clients. As part of our normal engagement process site visits are undertaken which allow management to meet clients together with the staff working at our client's premises, which assists the Group in understanding the views of clients and staff. We have tailored our engagement process this year to ensure the engagement is undertaken in a COVID-19 secure way utilising video meetings which have proven effective.

Funders

The Group does not face the same risks as some other organisations in the facilities services sector due to its low levels of debt and lack of exposure to long term milestone related construction contracts. However, as reported last year some financial institutions are concerned over the service sector in general and therefore it is important that we have good relationships with all our banks. We take a proactive approach in having a two-way dialogue with the banks to ensure that they are fully aware of our strategy and the development of our business. Throughout the year we have provided updates on the Group's trading position and how the challengers of the pandemic have been managed. The banks in turn have been very supportive and the Company has renewed its Revolving Credit Facility with HSBC and Barclays with the facility now committed until 30 April 2024.

Pension Trustee

The Company has a very good, open and constructive relationship with the directors of the corporate Trustee of the main pension schemes and entered into a Memorandum of Understanding in 2017 to record the principles which the Company and the Trustee will operate under. The principles are designed so that the Trustee directors receive "early warning" of any events affecting the Company or its subsidiaries, which could lead to a change in the Company's covenant and its ability to support the Scheme. The Company acknowledges that the early involvement by the Trustee directors in such issues will enable the parties to understand the likely effect upon the Scheme of a particular event or course of action and reach an agreed way forward in a timely manner, thereby reducing the risk of delays or obstacles to the legitimate activities of the Company and Group. The Group Finance Director or the Group Financial Controller provide financial updates to the Trustee directors at each of their main meetings, with the Group CEO attending periodically. Due to the pandemic this year the Trustee directors have appreciated receiving monthly updates on the performance of the Group in line with the open and constructive relationship the Company has with the Trustee directors.

Employees

The success of the Group is dependent upon our colleagues and their safety and that of others is paramount in everything we do. This has never before been so important as during the pandemic, so strong, consistent and genuine leadership has guided our approach to health & safety through a difficult year. Many of our colleagues have been directly, or indirectly, affected by COVID-19 and our thoughts and prayers go to their families and friends. The senior leadership team across the Group has delivered consistent COVID-19 messages about the importance of employee safety to ensure that colleagues had the right training, knowledge and equipment to complete their duties safely. This included an ongoing assessment of the integrity and quality of our supply chain with particular focus on the provision of personal protective equipment (PPE). Regular global briefing sessions were held throughout the year, managed by our COVID-19 Project Management Office (PMO). These sessions provided a drumbeat of consistent messaging to our colleagues, clients and other key stakeholders, as well as informing countries and regions of PMO actions. These actions included the sharing of improvement opportunities, good ideas, updates on the market environment and changes in government guidance.

In New Zealand for example we continued to use the Vault online risk management system to further protect our colleagues. This enables us to bring risk and safety management to life in an interactive way for our team members via portals, desktop icons and smart phone apps, while allowing us to proactively manage our health & safety environment. This provides assurance that we maintain legal compliance, that we meet client expectations and that we deliver our own high standards at all times. OCS New Zealand achieved accreditation to ISO 45001 for the first time and successfully recertified to ISO9001:2015 and ISO14001:2015 in July 2020 with the Midcity business following in September 2020. COVID-19 provided many challenges for OCS New Zealand with some client premises shutting down temporarily and other essential services requiring increased levels of cleaning and hygiene. Strong partnerships with our suppliers ensured that we maintained good levels of stock and PPE for our colleagues. Mindful of the dynamic environment a sharp focus was maintained on colleague training so that they could work safely in accordance with the prevailing government guidance.

DIRECTORS' REPORT (continued)

The health & safety ethics we operate under are the same in every country we work in, with the principle that every colleague deserves to go home each day safely. We are committed to visible leadership from the Board downwards instilling safe behaviours and creating a strong safety culture which forms part of our Core Values. This is undertaken by providing colleagues with the correct training and tools to enable them to do their job safely, adopting best practice in our work procedures, empowering colleagues to make the right decisions about their safety and others, reporting health & safety incidents promptly, including 'near misses', monitoring, reviewing and reporting our health & safety performance accurately, continually improving our health & safety procedures and conducting our work to protect third parties and minimise any adverse effect on the environment.

The wellbeing of our colleagues is important and we have a number of colleague assistance programmes available along with a 24/7 helpline, which has been particularly important during the pandemic, providing support and advice for many lifestyle problems, helping to identify and resolve personal concerns. The service is entirely confidential and helps us to retain a happier, healthier workforce. This is further enhanced with mental health awareness, with a number of colleagues being trained as mental health first aiders within the business. Across the Group additional measures have been put in place such as a dedicated wellbeing officer appointed in New Zealand at the beginning of the pandemic to assist our colleagues with the challenges faced by COVID-19. We have supported our colleagues in being able to take paid time off work to take advantage of vaccination programmes being offered. We have also ensured government information concerning the benefits of having the vaccine has been made available to our colleagues.

The diversity of the Group's workforce is considered to be a primary strategic strength. The Group offers equal opportunities to all colleagues and applicants regardless of race, creed, sex, ethnic origin, age, or disability. People with disabilities are considered for employment where they have the appropriate skills and abilities to perform a job. Colleagues who become affected by a disability during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation, reasonable adjustment, and retraining.

As part of our overall approach, we engage with our colleagues in many forms to understand their views. The engagement process begins with induction programmes for new employees, training, compulsory e-learning modules, "Back to the Floor" days by senior management, Toolbox Talks, on the job chats, employee surveys and many other forms. Our colleagues are integral to delivering on the promises we make to our clients. It is therefore vital that we recognise and reward those colleagues who make such an important contribution to our business and place our core values at the heart of their day-to-day activities. We have undertaken a number of special initiatives during the period impacted by COVID-19, including in India, initiating OCS Special Star Awards virtually, to keep colleagues motivated and appreciated for their dedication during the pandemic.

We have also supported our colleagues in different ways throughout the Group, such as in Thailand with the coordination with the social security office, to ensure payment was received by our impacted furloughed colleagues during the COVID-19 outbreak in a timely manner, directly from the Thai government. We have also tried to relocate colleagues from impacted contracts to alternative contracts to ensure continuation of employment wherever possible. In a number of the countries we operate in, following restrictions imposed by governments, it was not possible for some of our colleagues to return home to their native countries due to borders being closed to travel. In these situations, we ensured they were provided with the necessary welfare until they were in a position to return home.

We wish to place on record our immense appreciation for the efforts of all our colleagues this year in dealing with the pandemic especially our frontline colleagues who have carried on providing services to all our clients day in day out in very difficult circumstances.

Shareholders

In the Relations with shareholders section under Principle Three, details are given as to how the engagement process is undertaken and how the views of shareholders are obtained. As agreed with shareholders, the shared purpose will be reviewed every five years and the overall governance arrangement no later than every ten years. As the shared purpose was agreed in 2016, the next review will take place during 2021.

As part of the engagement process with shareholders, and in the long term interests of the Company, in 2017 the Board determined that it was necessary to reduce the level of dividend payments. Post recovery, the Board has communicated to shareholders that there is a strong need to generate sustainable cash flow to maintain the financial health of the business. As the Group had generated sustainable cashflow it had been the intention of the Board to a pay a dividend in April 2020. However, due to the pandemic and the uncertainty created, the Board took the decision not to pay a dividend. The Board continues to be guided by the ability of the Group to deliver positive underlying cash flow and hit financial targets as a strong indicator of the ability to pay a dividend. Given the pandemic and the significant level of government support received as well as the exceptional losses in 2020 the Board will not be recommending a payment of a dividend to shareholders in April 2021. It will continue to monitor the position in line with the Board's dividend policy.

DIRECTORS' REPORT (continued)

Business conduct

As a fifth generation 121-year-old family owned business, sound ethical principles are essential to the ongoing success of the Group. These principles are enshrined into the shared purpose agreed with shareholders and under the various policies the business operates under. Our Code of Conduct which was updated and reissued in October 2020 is designed to help guide colleagues in how we go about our business day to day and give them the support mechanism to report any concerns or wrongdoing anonymously, via our third-party whistleblowing provider. The policies we have in place and the e-learning platforms enable our colleagues to understand the sound ethical principles we operate under. The monitoring and review of the effectiveness of the Group's internal controls and risk management systems by the Audit & Risk Assurance Committee is part of the overall oversight of ensuring high standards of business conduct are operated throughout the Group and compliance with section 172 of the Companies Act 2006.

The environment

In line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company is presenting its first formal report.

Directors' Sustainability statement

The pandemic has provided a global circuit breaker, a refocus on society's challenges and priorities and a new perspective on the bigger picture, including the challenges that face us all long term from climate change.

By ensuring sustainability is embedded into our business strategy with practical measures that will help us support the global priorities conveyed through the UN Sustainable Development Goals, OCS will continue to shape a business built on strong ethical principles, that will enhance the lives of future generations of our stakeholders - colleagues, clients and communities.

Business impact of climate change

Climate change and the protection of the planet's natural resources continues to develop as a key priority for our clients and a required element in bids, especially government, healthcare and other public sector contracts in the UK.

Regulatory environmental changes may have an impact on our supply chain, including food cost inflation, additional costs to implement legislation such as the Streamlined Energy and Carbon Reporting (SECR) requirements in the UK and sourcing from environmentally conscious suppliers and products.

Businesses have adapted their working practices during the pandemic and for many this will be a long term change to working practices and norms. This provides an opportunity to align to their own sustainability strategies with downsized physical office spaces. These changes will have an impact on current and future contracts in our Business & Industry sector and our UK serviced office business, Landmark. In particular, we believe the serviced office sector will see a revolution in the demand for creative, agile and collaboration workspaces in the future.

Our continued success will rely on attracting and retaining talented people. There is more awareness around climate change and the environment in society generally, informing individual choices around where to shop and who to work for – retaining access to the widest talent pool will require a business strategy that includes a clear sustainability plan.

Our sustainability strategy has considered the points highlighted and will address these and any future environmental risks that become known.

Our sustainability strategy

We have taken the time over the last twelve months to really look at what we are doing as a responsible business to provide a sustainable future, not just for those directly impacted by our operations, such as our colleagues, clients, suppliers, and local communities, but also the wider global population.

The pandemic circuit breaker and subsequent review of our business practices has helped define our new Group Sustainability Strategy. The development of our strategy and framework has not come about without some careful considerations.

Our strategy addresses the commercial challenges we face around climate change and is aligned to the UN Sustainable Development Goals. It reflects who we are as a business, our history and values and is achievable within our business model. It has a clear link to our shareholder common shared purpose, creating a business with a relevant sustainable future.

The OCS Group Sustainability Strategy has been approved by the Board and will be published in Q2 2021. It focuses on two clear areas where we are perfectly positioned to make a real difference through our business model - reducing our environmental impact and adding social value by advancing social mobility. As an ethical business we take our social responsibility very seriously and have invested in expert help to develop our sustainability strategy into a robust set of pragmatic measurable commitments, and a clear roadmap to achieve net zero carbon emissions, that will be based on a clear set of science-based targets. We are pushing ourselves to do more and, with our trusted team of experts, we have the ambition to succeed.

DIRECTORS' REPORT (continued)

Through 2021, with the help of our experts, we are introducing a carbon reduction programme and tool across our key territories, called e-manage. This will enable us to deliver our legislative obligations in the UK, as well as identify areas where we can make a practical and proportionate difference to reducing our carbon emissions and support the development of each country's roadmap.

This work will build on the carbon reduction initiatives already underway in some of our territories. For example, our New Zealand, UK and Landmark operations already procure electricity from 100% renewable energy sources, through their energy providers. We are also currently reviewing our procurement strategy to establish what a realistic timeframe would be to upgrade our commercial fleets to electric vehicles, which will be conveyed in each of the countries net zero roadmaps in 2022. New Zealand have been very proactive and have already exceeded their own target by upgrading 11% of their commercial fleet to hybrid vehicles by 2020.

In the last year we have seen a significant drop in our business travel due to the pandemic, which has compelled us to change the way we manage the business, with home working and online meetings deployed extensively. This has been possible thanks to the hard work of our IT colleagues in setting up the infrastructure for remote working, enabling our central teams, managers and leadership to still be effective. We have an opportunity through our sustainability strategy to make the environmental benefits of more remote working long term.

Our success will be defined not just by the much-needed critical services we provide, but by the broader role we play in society, focusing on the right actions, and working in partnership with our colleagues, clients, suppliers and communities to make it a better future for generations to come.

Working together for future generations

We have incredible colleagues across all our territories doing amazing things, initiatives and programmes that are making a positive difference to peoples' lives today and, through the development of our new Group Sustainability Strategy, we will be able to elevate this great work and replicate it across our business where its pragmatic to do so.

During 2020 we have continued to invest in new technology and innovation, which has enabled us to rationalise our global servers into one data centre in the UK. Effectively moving servers from Thailand, Malaysia, India and Australia to the UK, saving £0.2m in infrastructure and licencing costs, reducing our energy consumption and taking out 183 tons of CO2 from our operations annually, the equivalent to 52 return flights between London and Australia.

In Auckland, our Wasteline team in partnership with Zerobag, have developed New Zealand's first commercial reusable bin liner, engineered to withstand 200 washes lasting over two years. Each bin liner is created from twelve 100% recycled plastic bottles. Over a year more than ten tonnes of waste have been diverted from landfill. This initial project has now been extended to 20 branches across Auckland and in the first three months has diverted over five tonnes from landfill.

We apply particular focus to key priority issues – climate change and plastic pollution. OCS New Zealand has been measuring and managing carbon emissions since 2017 and we have gained Toitū carbon reduction certification for our efforts. Since then, we've managed to reduce our emissions by 32% through to 2020 and reduce our emissions intensity (per turnover/ revenue) by 36% since our base year of 2017, a huge effort by all our colleagues. This has been achieved through multiple measures, including, using only carbon zero certified renewable electricity, a reduction in air travel (both international and domestic) and lower rates of domestic vehicle travel that have seen a 16% reduction in tCO2e year on year. We have also achieved our 2020 target to have 30 electric hybrid vehicles in our New Zealand fleet.

Our Landmark business has been working closely with energy and environmental experts over the past two years, reviewing the energy performance of their centres to minimise their carbon emission and to manage their energy use better. The review and detailed energy audit in late 2019 identified opportunities to save 700,000kWh per annum (circa 2.5%). Implementation began in early 2020 where it has been practical to do so, which included upgrading to more efficient lighting and controls, introducing behaviour change training programmes and reviewing the HVAC plant settings. The pandemic and the UK government's restrictions have obfuscated the anticipated benefits in 2020, however as we continue to implement the recommendations, we will see the benefits in reduced emissions in 2021 and into future years.

Where we can partner to make sustained change we will use our combined influence to try to achieve real impacts in reducing our carbon emissions and meeting global climate change objectives.

O.C.S. GROUP LIMITED

DIRECTORS' REPORT (continued)

Streamlined Energy and Carbon Reporting (SECR) methodology

In accordance with the 2018 regulations which amend the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, the following energy and carbon sources are required to be reported:

- natural gas consumption
- electricity consumption
- transport consumption where the organisation has direct responsibility for the purchasing of fuel e.g. for company vehicles and personal vehicles used for business purposes.

We have invested in a partnership with Achilles and their carbon reduction scheme, the UK's only accredited greenhouse gas certification scheme, to measure and calculate our UK operations energy consumption and carbon emissions. The following methodologies have been used to calculate our CO2 emissions:

- The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard
- The Department of Environment, Food and Rural Affairs (DEFRA) Environmental Reporting Guidelines (2020).

It was determined that the most appropriate boundary of control (financial, organisational, or operational) to report on was operational control.

The OCS companies that are required to report, based on the SECR reporting guidelines, are O.C.S. Group Limited, OCS Group UK Limited, and Landmark Space Limited. This methodology has been applied to their operations for 2020, accounting for 57% of the Group's revenue, with a planned rollout in 2021 to include additional key territories in our 2021 Annual Report.

Our data inventory has been certified in accordance with international standard ISO 14064-1, by qualified independent auditors (Achilles for O.C.S. Group Limited and OCS Group UK Limited and PASCHALi for Landmark Space Limited).

Streamlined Energy and Carbon Reporting data

The SECR period is the year ended 31 December 2020.

The following data includes Scope 1, 2 and Scope 3 business travel and summarises the energy consumption (kWh) and carbon emissions (tCO2e):

	Total consolidated UK Consumption & Carbon Emissions		O.C.S. Group Limited		OCS Group UK Limited		Landmark Space Limited	
Emission Source	**Energy Consumption (kwh)**	**CO2e tonnes**	**Energy Consumption (kwh)**	**CO2e tonnes**	**Energy Consumption (kwh)**	**CO2e tonnes**	**Energy Consumption (kwh)**	**CO2e tonnes**
Scope 1 – Natural Gas & Fuel Consumption	25,913,293	5,375.4	-	-	21,637,730	4,589.3	4,275,563	786.1
Scope 2 – Electricity	13,501,496	3,147.7	-	-	1,361,435	317.4	12,140,061	2,830.3
Scope 3 – Business Travel	-	710.6	-	124.9	-	582.0	-	3.7
Total (Scope 1 + Scope 2 + Scope 3)	39,414,789	9,233.7	-	124.9	22,999,165	5,488.7	16,415,624	3,620.1
Financial Turnover	£525.7m		-		£429.8m		£95.9m	
Intensity Ratio: CO2e tonnes / turnover £m	17.6		-		12.8		37.7	
Intensity Ratio: CO2e kg/turnover yearly % change	N/A*		N/A*		N/A*		N/A*	

* this is the first year of SECR data, therefore a comparison to the previous year's energy and carbon performance is not required. Annual comparisons will be introduced in 2021.

O.C.S. GROUP LIMITED

DIRECTORS' REPORT (continued)

The community

We place huge importance on our cohesive corporate responsibility and environmental sustainability programme. This clarity of thought enables us to work with a range of stakeholders including clients, suppliers, colleagues and shareholders to deliver our shared purpose. We believe that the work we do should be sustainable - not just in financial terms, but also in the way we impact upon people, communities and the environment. Therefore, we not only design services that help our clients improve their own environmental impact, we also work with and invest directly in community and environmental initiatives around the world.

Landmark, our serviced office business, proactively promotes participation in volunteer activities within the communities the business operates in and all colleagues are entitled to two paid volunteer days per annum. These activities range from volunteering at animal shelters to helping school aged children to write their own resumes.

OCS Australia's sponsorship of The Salvation Army's Aspire youth development programme supported ten young people through the programme in 2020. Aspire is based on the Circle of Courage youth development model. It provides a fun, supportive environment for personal development, helping young people connect positively to others, achieve and master essential life skills, take responsibility for their decisions and live with purpose and generosity. Social workers and youth workers from The Salvation Army work with Aspire families to provide any additional support needed to strengthen the home environment. Events are also run through the year to better connect families together.

OCS UK became the first 'Trusted Partner' of ProtectED, a pioneering scheme that aims to raise student safety, security and wellbeing standards across the UK higher education sector. Universities have a critical role to play in ensuring the safety, security, and wellbeing of their students - not only on campus but throughout their student experience. The ProtectED membership and accreditation scheme makes it easier for prospective students and their parents to identify those HE institutions committed to implementing good practice. As a Trusted Partner organisation, we will support ProtectED in safeguarding the student experience, sharing insight and promoting improved practice.

In India during the COVID-19 pandemic, OCS in collaboration with Sprinkling Smiles were able to reach out to 500 families with essential food at Guhaghar village in Maharashtra. In Thailand, we joined with our client Makro to donate hen houses to supply eggs for sustainable lunches at schools and gave knowledge to students through eight principles of retail management, to support students to manage their schools' shops and to provide them lunch.

In New Zealand, we are helping young people who aspire to a university education. We work with First Foundation educational trust to provide scholarships for students with family at OCS, as well as work experience and mentoring. We have partnered with the Ministry of Social Development and Workbridge, a not-for-profit organisation, to provide vocational training and job placements for people with mental and physical disabilities.

GOING CONCERN

The Group entered 2020 in a structurally sound position, with a diverse geographical and sector market revenue base and in a position of financial strength with net cash funds of £18.1m. The Group exited 2020 with net cash funds of £87.5m having navigated through a particularly challenging year, reflecting the resilience of the business to the global pandemic along with some government support measures. Approximately £55m of the improvement in cash is temporary in nature and will reduce in 2021 and 2022 as payment deferrals unwind. The speed of our reaction to the COVID-19 pandemic and our adaptation in year has meant we continue to hold our own as a financially stable business and believe the outlook for the Group is positive. Our liquidity is forecast to remain strong, and we continue to project very low utilisation of debt in our forecasts.

To be able to conclude that it is appropriate to prepare the financial statements on a going concern basis, management have performed analysis of expected impacts and carried out scenario modelling from this baseline to stress test the robustness of the projections against the Group's funding capacity and banking covenants. In doing so, it has been necessary to make estimates and judgements that are critical to the outcome of these considerations. Baseline projections prepared as part of the annual 2021 budget and subsequent two year plan period have therefore been subject to considerable internal review and scrutiny at country, regional and Group Board level to assess reasonableness. Reference has been made to global and country level economic projections when establishing the baseline.

The focus of the Group's going concern review has been twofold: to consider the sufficiency of liquidity in the context of the Group's committed banking facilities and to identify the level of headroom to ensure compliance with the Group's banking covenants for at least twelve months from the date of signing the financial statements. The Group's £70m revolving credit facility is now fully committed to 30 April 2024 following renewal of the facility in April 2021. Covenants in the facility cap net debt at 2.5 times EBITDA (as defined in the facility) and require a minimum fixed cover ratio (EBITDA as defined in the facility before serviced office rent costs compared to finance and serviced office rent costs) reflective of the level of operational gearing in the Group's serviced office business. Covenants are tested quarterly.

Under the baseline scenario, equivalent to the Group's approved 2021 budget and subsequent two year plan, all covenant tests are met, with the maximum gearing at March 2022 at 1.47x. The minimum fixed cover ratio is also met, with lowest headroom at December 2021 at 36% of forecast EBITDA. The covenant calculations include financing costs based on expected debt levels and interest rates and serviced office rent cost projections reflective of delivered rent negotiations.

Due to the robustness of the facilities services businesses' response to the pandemic, the gearing covenant is unlikely to be breached in any plausible scenario and therefore the stress testing focused primarily on how much the demand in the serviced office sector would need to deteriorate before the fixed cover ratio covenant would not be met. Under the baseline scenario we reverse stress tested the possible level of deterioration of the turnover of the Landmark business and the headroom would permit a 12% drop in turnover for Q2-Q4 2021. Should the situation deteriorate beyond this point, measures would be deployed to mitigate any impact, similar to actions taken during 2020 and more extreme if need be, and we also consider the expected Group EBITDA outcome for 2021 to be more positive than the baseline, based on the most recent forecast projections.

Incorporating these mitigation measures and more positive forecast projections as an overlay to our baseline scenario, at all covenant measurement dates the Group should have substantial liquidity headroom (highest gearing is 0.66x at March 2022) and headroom under the fixed cover ratio at the lowest point (September 2021) is 42% of forecast EBITDA (bank definition). This would allow Landmark's turnover to drop up to 26%, which is unlikely and provides comfort that the covenants will be met at all test dates in the baseline scenario period.

Whilst actual outcomes could be better or worse than forecast, and reverse stress testing has been considered by the Directors in this assessment, which focuses on the Landmark business, from a going concern perspective management have considered the further actions that could be taken to mitigate a more extreme downturn in the Group's performance. Given the liquidity headroom throughout the forecast period, there is significant capacity to implement deeper restructuring activities to closedown loss making or underperforming businesses and make further tactical reduction to the Group's overhead base proportionate to a smaller sized organisation in the event of a further decline. As such, the Directors do not consider that the forecasting uncertainties are material to the Group in terms of its ability to meet its obligations as and when they fall due and to remain within its banking covenants in the forecast period.

Going concern conclusion

The Group provides essential and critical support services to a wide variety of private and public sector organisations in a number of different territories, with cleaning and security services in particular being vital activities in these difficult times. The facilities management business has proved itself to be robust and poised for future growth. The near term outlook for Landmark is inherently less certain, however, the Group has low levels of debt under the scenarios considered and the Directors have a reasonable expectation that the Group is in a position to meet its obligations as and when they fall due and have concluded that the financial statements of the Group can be prepared on the going concern basis.

SUBSEQUENT EVENTS

There have been no subsequent events other than the successful refinancing of the Group's £70m revolving credit facility which is now committed to 30 April 2024.

DIVIDENDS

The Board considered that due to the uncertainty relating to COVID-19 and its impact on the business it was not in the best interest of the Company to pay a dividend in the year ended 31 December 2020 (2019: £2.7m paid representing 55p per share).

The Board continues to be guided by the ability of the Group to deliver positive underlying cash flow and hit financial targets as a strong indicator of the ability to pay a dividend. Given the pandemic and the significant level of government support received as well as the exceptional losses in 2020 the Board will not be recommending a payment of a dividend to shareholders in April 2021. It will continue to monitor the position in line with the Board's dividend policy.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR

Each of the current Directors confirm that, as far as they are aware, there is no relevant audit information of which the auditor is unaware and they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

This Directors' Report is approved by the Board of Directors and signed on behalf of the Board.

Malcolm Clark
Company Secretary
8 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF O.C.S. GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of O.C.S. Group Limited (the 'parent Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and parent Company Balance Sheets;
- the Consolidated and parent Company Statements of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 33.

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).

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 Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included assessment of the following:

- financing facilities including nature of facilities, repayment terms and covenants
- linkage to business model and medium term risks
- assumptions used in the forecasts
- amount of headroom in the forecasts (cash and covenants)
- sensitivity analysis and reverse stress testing
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management
- external market factors
- post-year end performance.

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 Group's and parent 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 auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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 considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the Audit & Risk Assurance Committee about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks across all of the territories that the Group operates in and *identified the key laws and regulations that:*

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Acts, Generally Accepted Accounting Practices, pensions legislation, tax legislation, minimum wage legislation and government assistance legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included health & safety legislation and employment law.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- revenue recognition in contracts of scale and complexity: we assessed monthly billing profiles of contracts identified as significant risk, whilst also performing substantive testing at this contract level on both the revenue balance itself and related items (e.g. debtors, credit notes). We performed enquiry with key contract management to further understanding and identification of variances, corroborating this by obtaining relevant evidence. We investigated KPIs for any failures, related claims and disputes within the identified significant risk contract portfolio and considered the impact of these on the recognition of revenue, whilst also performing an investigation for contradictory evidence across public and private information around the Group;
- *unidentified or incomplete impairment of goodwill: we have challenged the reasonableness of management's forecasts and other* significant inputs in CGUs assessed as featuring indicators of impairment by considering internal and external performance indicators, along with historical evidence of both actual performance and the accuracy of management's forecasts. We also performed sensitivity analysis to assess the relative impact of major assumptions; and
- impairment of assets related to leaseholds and completeness of onerous lease provisions in Landmark: we have challenged the reasonableness of management's forecasts and other significant inputs, including occupancy and workstation rates, by considering internal and external performance indicators, along with historic evidence of both actual performance and the accuracy of management's forecasts. We also performed sensitivity analysis to assess the relative impact of major assumptions and considered the vulnerability of leases becoming loss making.

In common with all audits under ISAs (UK), *we are also required to perform specific procedures to respond to the risk of management* override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house and external legal counsel concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions 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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

We have nothing to report in respect of these matters.

Use of our report

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

Darren Longley FCA
(Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Statutory Auditor
London, United Kingdom
8 April 2021

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	**2020** **£'000**	2019 £'000
TURNOVER	3	**922,317**	989,919
Cost of sales		**(841,923)**	(859,511)
Government grant income	7	**41,069**	-
GROSS PROFIT		**121,463**	130,408
Administrative expenses		**(110,522)**	(119,969)
Government grant income	7	**1,504**	-
GROUP OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		**12,445**	10,439
Exceptional items	4	**(56,374)**	(5,330)
GROUP OPERATING (LOSS)/ PROFIT		**(43,929)**	5,109
Share of operating profit of joint ventures	16(A)	**1,550**	1,519
(LOSS)/PROFIT BEFORE FINANCE COSTS		**(42,379)**	6,628
Finance costs (net)	5	**(2,171)**	(2,873)
(LOSS)/PROFIT BEFORE TAXATION	6	**(44,550)**	3,755
Tax on (loss)/profit	9	**(3,456)**	(6,231)
PROFIT AFTER TAXATION - excluding exceptional items		**4,947**	1,904
LOSS AFTER TAXATION - exceptional items	4	**(52,953)**	(4,380)
LOSS AFTER TAXATION		**(48,006)**	(2,476)
Non-controlling interest		**(104)**	(41)
LOSS FOR THE FINANCIAL YEAR		**(48,110)**	(2,517)
Loss per share (basic and diluted)	12	**(969p)**	(51p)

All activities derive materially from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 £'000	2019 £'000
Loss for the financial year		**(48,110)**	(2,517)
Currency translation differences on foreign currency net investments		**203**	(1,073)
Actuarial (loss)/gain on retirement benefit schemes	23	**(257)**	753
		(54)	(320)
Tax relating to components of other comprehensive income		**14**	197
Other comprehensive expense		**(40)**	(123)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(48,150)**	(2,640)
Total comprehensive expense for the year attributable to:			
- non-controlling interest		**84**	68
- equity shareholders of the Company		**(48,150)**	(2,640)
		(48,066)	(2,572)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2020

	NOTE	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	14	**53,075**	78,312
Tangible assets	15	**55,672**	79,782
Investments	16	**5,983**	5,305
		114,730	163,399
CURRENT ASSETS			
Retirement benefit assets	23	**1,097**	1,106
Stocks	17	**3,576**	2,934
Debtors: amounts falling due within one year	18	**117,472**	150,252
Debtors: amounts falling due after more than one year	18	**28,606**	23,258
Investments - short term bank deposits		**8,378**	3,979
Cash at bank and in hand		**93,648**	36,490
		252,777	218,019
Creditors: amounts falling due within one year	19	**(230,347)**	(199,824)
NET CURRENT ASSETS		**22,430**	18,195
TOTAL ASSETS LESS CURRENT LIABILITIES		**137,160**	181,594
Creditors: amounts falling due after more than one year	20	**(48,872)**	(48,425)
Provisions for liabilities	22	**(39,553)**	(32,239)
NET ASSETS EXCLUDING RETIREMENT BENEFIT LIABILITIES		**48,735**	100,930
Retirement benefit liabilities	23	**(4,915)**	(8,926)
NET ASSETS		**43,820**	92,004
CAPITAL AND RESERVES			
Called up share capital	25(A)	**540**	540
Share premium account	25(B)	**189**	189
Capital redemption reserve	25(B)	**63**	63
ESOP reserve	25(B)	**(8,315)**	(8,315)
Profit and loss account	25(B)	**50,828**	98,978
SHAREHOLDERS' FUNDS		**43,305**	91,455
Non-controlling interest		**515**	549
TOTAL CAPITAL EMPLOYED		**43,820**	92,004

These financial statements were approved by the Board of Directors and authorised for issue on 8 April 2021.

Signed on behalf of the Board of Directors

J. Hunter

John Hunter

Group Chief Executive

James Darnton

Group Finance Director

Company registration number: 01298292

COMPANY BALANCE SHEET
31 DECEMBER 2020

	NOTE	**2020** £'000	2019 £'000
FIXED ASSETS			
Intangible assets	14	**224**	76
Tangible assets	15	**1,236**	5,044
Investments	16(D)	**119,562**	126,443
		121,022	131,563
CURRENT ASSETS			
Retirement benefit assets	23	**1,097**	1,106
Debtors: amounts falling due within one year	18	**17,114**	14,418
Debtors: amounts falling due after more than one year	18	**10,954**	9,245
Investments - short term bank deposits		**3,292**	3,292
Cash at bank and in hand		**4,167**	2,914
		36,624	30,975
Creditors: amounts falling due within one year	19	**(121,868)**	(127,994)
NET CURRENT LIABILITIES		**(85,244)**	(97,019)
TOTAL ASSETS LESS CURRENT LIABILITIES		**35,778**	34,544
Creditors: amounts falling due after more than one year	20	**(987)**	(9,014)
Provisions for liabilities	22	**(11,703)**	(10,814)
NET ASSETS EXCLUDING RETIREMENT BENEFIT LIABILITIES		**23,088**	14,716
Retirement benefit liabilities	23	**(4,915)**	(8,926)
NET ASSETS		**18,173**	5,790
CAPITAL AND RESERVES			
Called up share capital	25(A)	**540**	540
Share premium account	25(B)	**189**	189
Capital redemption reserve	25(B)	**63**	63
ESOP reserve	25(B)	**(8,315)**	(8,315)
Profit and loss account	25(B)	**25,696**	13,313
SHAREHOLDERS' FUNDS		**18,173**	5,790

The Company's profit for the financial year was £12,412,000 (2019: loss of £4,100,000).

These financial statements were approved by the Board of Directors and authorised for issue on 8 April 2021.

Signed on behalf of the Board of Directors

J. Hunter

John Hunter

Group Chief Executive

James Darnton

Group Finance Director

Company registration number: 01298292

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY					
	SHARE CAPITAL ETC.	ESOP RESERVE	PROFIT AND LOSS ACCOUNT	TOTAL	NON-CONTROLLING INTEREST	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	792	(8,303)	104,329	96,818	611	97,429
(Loss)/profit for the financial year	-	-	(2,517)	(2,517)	41	(2,476)
Other comprehensive income/(expense):						
- currency translation differences on foreign currency net investments	-	-	(887)	(887)	27	(860)
- actuarial gain on retirement benefit schemes	-	-	764	764	-	764
Dividends paid on equity shares	-	-	(2,725)	(2,725)	(130)	(2,855)
Equity settled share-based payments	-	-	2	2	-	2
Issue of shares by ESOP	-	3	(3)	-	-	-
Profit on share transactions	-	(15)	15	-	-	-
At 31 December 2019	792	(8,315)	98,978	91,455	549	92,004
(Loss)/profit for the financial year	-	-	(48,110)	(48,110)	104	(48,006)
Other comprehensive expense:						
- currency translation differences on foreign currency net investments	-	-	(11)	(11)	(20)	(31)
- actuarial loss on retirement benefit schemes	-	-	(29)	(29)	-	(29)
Dividends paid on equity shares	-	-	-	-	(118)	(118)
At 31 December 2020	**792**	**(8,315)**	**50,828**	**43,305**	**515**	**43,820**

Share capital etc. comprises called up share capital, share premium account and capital redemption reserve.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	SHARE CAPITAL ETC.	ESOP RESERVE	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
At 1 January 2019	792	(8,303)	19,360	11,849
Loss for the financial year	-	-	(4,100)	(4,100)
Other comprehensive income:				
- actuarial gain on retirement benefit schemes	-	-	764	764
Dividends paid on equity shares	-	-	(2,725)	(2,725)
Equity settled share-based payments	-	-	2	2
Issue of shares by ESOP	-	3	(3)	-
Profit on share transactions	-	(15)	15	-
At 31 December 2019	792	(8,315)	13,313	5,790
Profit for the financial year	-	-	12,412	12,412
Other comprehensive expense:				
- actuarial loss on retirement benefit schemes	-	-	(29)	(29)
At 31 December 2020	**792**	**(8,315)**	**25,696**	**18,173**

Share capital etc. comprises called up share capital, share premium account and capital redemption reserve.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	**2020 £'000**	2019 £'000
Net cash flows from operating activities			
- excluding lump sum pension contributions		**90,967**	46,959
- *lump sum pension contributions*		**(4,433)**	(7,772)
Cash flows from operating activities	26(A)	**86,534**	39,187
Cash flows from investing activities	26(B)	**(14,841)**	(29,048)
Cash flows from financing activities	26(C)	**(10,562)**	48
NET INCREASE IN CASH AND CASH EQUIVALENTS		**61,131**	10,187
Cash and cash equivalents at beginning of year		**37,173**	27,385
Currency translation differences		**426**	(399)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**98,730**	37,173

RECONCILIATION TO CASH AT BANK AND IN HAND		
Cash at bank and in hand	**93,648**	36,490
Less: restricted cash	**(4)**	(4)
Investments - short term bank deposits	**8,378**	3,979
Less: restricted short term bank deposits	**(3,292)**	(3,292)
CASH AND CASH EQUIVALENTS	**98,730**	37,173

See note 26 for the reconciliation of the movement in cash and cash equivalents to the movement in net funds. Net funds at 31 December 2020 were £87,492,000 (2019: £18,089,000).

1. ACCOUNTING POLICIES

O.C.S. Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. It is a private company limited by shares. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 8.

The financial statements are prepared in accordance with Financial Reporting Standard 102 (FRS 102). The particular accounting policies adopted by the Directors are described below. They have been applied consistently throughout the current and prior year.

The functional currency of O.C.S. Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Accounting convention

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value.

O.C.S. Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Basis of consolidation and financial periods

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The results presented are for the year ended 31 December 2020. The comparative results are for the year ended 31 December 2019.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes. Business combinations are accounted for under the purchase method. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition to FRS 102 (1 April 2014).

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report on pages 2 to 29. The Group's principal risks and the impact of the COVID-19 pandemic are summarised on pages 16 to 18. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report on pages 2 to 8. In addition, the Strategic Report includes the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Group meets its day to day working capital requirements through working capital facilities and longer term bank debt. The Group's main bank facility of £70m is fully committed to 30 April 2024.

The Group's forecasts to 30 April 2022, more fully described in the Directors' Report on pages 27 and 28, show that the Group will be able to operate within the level of its current facilities. The Group has long term facilities services contracts with a number of clients and suppliers across different geographic areas and industries providing a counterbalance to the short term trading pressures in the UK serviced office sector and the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries and applying plausible sensitivities, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for twelve months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Intangible fixed assets - goodwill

On the acquisition of a subsidiary undertaking or business, goodwill represents the excess of the fair value of the purchase consideration over the aggregate of the fair values of the net assets acquired.

Goodwill arising on acquisitions prior to 1 April 1998 has been written off against the profit and loss reserve. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal. Goodwill arising on acquisitions from 1 April 1998 is included on the balance sheet and amortised within administrative expenses in equal annual instalments over its expected useful economic life, up to a maximum of 20 years (maximum of ten years for goodwill arising on acquisitions from 1 April 2014). Provision is made for any impairment.

Intangible fixed assets – brands

Intangible assets recognised as part of a business combination are measured at fair value at the business combination date and are amortised within administrative expenses in equal annual instalments over their expected useful economic lives, up to a maximum of ten years. Provision is made for any impairment. On the acquisition of i2 Office Limited (now renamed Landmark Space Limited), the brand was valued using the relief-from-royalty method and allocated a useful economic life of ten years.

1. ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets – software

Software assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided within administrative expenses to write down cost to estimated residual value by equal annual instalments over the period of estimated useful economic lives of 3 - 15 years.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets, depreciation is provided within cost of sales or administrative expenses depending on the nature of the asset to write down cost to estimated residual value by equal annual instalments over the period of estimated useful economic lives as follows:

Freehold and long term leasehold property	50 years
Short term leasehold property	over the term of the lease
Motor vehicles	3 – 10 years
Plant, machinery, fixtures and fittings	3 – 15 years
Cabinets, mats and service equipment	2 – 8 years

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or are settled, or substantially all of the risks and rewards of ownership of the financial asset are transferred to a third party, or control and some of the significant risks and rewards of ownership of the financial asset are transferred to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Investments

Except as stated below, investments held as fixed assets are stated at cost less any provision for impairment.

Investments in shares that are publicly traded are measured at fair value through profit or loss.

In the consolidated accounts, shares in joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of the results of the joint ventures. In the consolidated balance sheet, the investments in joint ventures are shown as the Group's share of the net assets, including goodwill, of the joint ventures plus any long term loan funding by the Group less any provision for impairment. Goodwill is determined and accounted for in accordance with the goodwill accounting policy. Where losses in a joint venture reduce the carrying value of the Group's investment to £nil, further losses are not recognised. A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control.

1. ACCOUNTING POLICIES (continued)

Stocks and long term contracts

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the first-in, first-out (FIFO) method or average cost basis. Provision is made for obsolete, slow-moving or defective items where appropriate.

The value of long term contract work is accounted for within turnover and the excess over payments on account is included within debtors as amounts recoverable on contracts. Cumulative costs incurred, net of amounts transferred to cost of sales, payments on account not set off against the value of long term contract work and provision for any known or anticipated losses, are included within work-in-progress. Excess payments on account are included in creditors as payments on account.

Impairment of assets

Assets other than those measured at fair value are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable amount of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The value in use of goodwill is derived from measurement of the present value of the future cash flows of the cash generating units (CGUs) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU and then to other assets within that CGU on a pro-rata basis.

With the exception of goodwill, where impairment losses are not reversed, where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. If the reasons for the previous impairment loss have ceased to apply, an impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied to the assets (other than goodwill) of the CGU on a pro rata basis.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their estimated useful economic lives. The capital elements of the future obligations are recorded as liabilities and the finance charges are allocated to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases and benefits received and receivable as incentives to sign operating leases are recorded in the profit and loss account in equal annual amounts over the lease term except for COVID-19-related rent concessions that meet the criteria in Section 20 of FRS 102 for recognition in the period that the change in lease payments is intended to compensate.

For leases commencing up to 31 March 2014, in accordance with Section 35 of FRS 102 the lease term is the non-cancellable period of the lease and for leases commencing from 1 April 2014 the lease term is the non-cancellable period of the lease together with any further terms for which the Group has the option to continue to lease the asset when at the inception of the lease it is reasonably certain that the Group will exercise the option.

Provisions for liabilities

Provisions for liabilities, including contingent consideration on acquisitions, insurance liabilities, overseas pension arrangements and onerous contracts/operating leases where future costs are expected to exceed future revenues, are made at the amounts expected to be paid in respect of present obligations relating to past events where the timing of payments or the amounts involved are uncertain. With the exception of insurance and deferred tax, amounts are discounted to present value when the time value of money is material.

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (or more) than the value at which it is recognised, a deferred tax liability (or asset) is recognised for the additional (or reduced) tax that will be paid in respect of that difference. Similarly, a deferred tax asset (or liability) is recognised for the reduced (or additional) tax that will be paid because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Where items recognised in other comprehensive income or equity are chargeable or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off the current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Retirement benefit schemes

The Group has a number of funded pension arrangements including defined benefit and defined contribution schemes. The Group also has an unfunded defined benefit post retirement healthcare scheme and a number of overseas pension arrangements.

The service cost of defined benefit pension and healthcare provision relating to the period, together with gains and losses on settlements and curtailments and the cost of any benefits relating to past service are charged to the profit and loss account. The net interest cost on the net defined benefit liability is shown within net finance costs in the profit and loss account. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The assets of the pension schemes are held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The difference between the market value of the assets of the schemes and the present value of accrued pension and healthcare liabilities is shown as an asset to the extent considered recoverable or a liability on the balance sheet gross of deferred tax.

For defined contribution schemes the pension cost is charged to the profit and loss account in line with contributions payable.

The Group's main overseas pension arrangements relate to Thailand commitments which become payable as employees reach retirement age. Costs are provided for over the expected service lives of the employees. In addition to employee churn, other key assumptions are wage inflation and the rate used to discount the expected future payments to present value. Actuarial valuations are obtained at least triennially and are reassessed annually if the principal actuarial assumptions have changed significantly.

1. ACCOUNTING POLICIES (continued)

Share-based payments

The Group issues cash settled share-based payments to certain employees. Cash settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant and at each subsequent balance sheet date. The fair value determined at the balance sheet date of the cash settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

When shares issued under the Group's cash settled share-based payment schemes are subsequently purchased by shareholders rather than the Group, the creditor is transferred to equity, reflecting the equity settled nature of those shares.

Fair value is measured by the use of the Black-Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on the Directors' best estimate, for the effects of non-transferability and exercise restrictions.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at the rate of exchange at that date.

The results of overseas subsidiary undertakings and joint ventures are translated at average exchange rates for the period. The assets and liabilities of such undertakings are translated at period end exchange rates. Exchange differences on the results for the period and the opening net assets are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). All other exchange differences are included in the profit and loss account in the period in which they arise except for, in the case of the Group financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) which are recognised in other comprehensive income and reported under equity.

Turnover

Turnover recognised from the supply of services and goods represents the value of services provided under contracts to the extent that there is a right to consideration and the contract outcome can be measured with reasonable certainty and is recorded at the fair value of the consideration due. License fees due from clients in respect of serviced offices is recognised on a straight line basis over the period of the license. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from clients in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants related to revenue are recognised as income over the period in which the related costs are recognised and are included in gross margin where the related costs are included in cost of sales.

Exceptional items

The effects of material transactions that are exceptional by virtue of their size or incidence are separately disclosed.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements apart from those involving estimations which are described below.

Key sources of estimation uncertainty

The following are the critical judgements involving estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Deferred tax assets

The recoverability of the Group's deferred tax assets of £29,811,000 (2019: £23,583,000), which relate primarily to timing differences, is dependent on sufficient future taxable profits. Based on the Group's latest forecasts the Directors' judgement is that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment of goodwill

Details of the fixed asset impairments recorded by the Group are disclosed in note 4. Determining whether fixed assets are impaired requires an estimation of the fair value less costs to sell and the value in use of the relevant cash generating units. The value in use calculation requires the estimation of future cash flows and suitable discount rates in order to calculate present values.

The carrying value of goodwill in the Group balance sheet is £42,641,000 (2019: £66,479,000) after impairment losses of £16,707,000 (2019: £nil) were recognised in the year.

The main impairment losses in the year (£15,212,000) relate to the Group's Landmark serviced office businesses. Fair value less costs to sell has been estimated based on a multiple of forecast future sustainable EBITDA. The key inputs and areas of uncertainty in the EBITDA calculation are workstation rates, occupancy levels, cost inflation and the level of contingency overlaid to reflect future uncertainty. If turnover (a function of workstation rates and occupancy levels) was 1% below the level assumed in the forecast future sustainable EBITDA and ignoring the embedded contingency and the beneficial impact of likely cost mitigation, a further impairment provision of £4,540,000 would be required.

The other impairment charge in the year of £1,495,000 relates to the sale of a non-core business in 2021.

Following a review for impairment indicators, one other goodwill impairment review was undertaken at year end and sufficient headroom was identified allowing the Directors to conclude that no further impairment charge was required. The key sensitivities underlying the future cash flows used in the impairment review calculations are the medium term sales growth rates that can be achieved by the business and the country long term growth rate. The headroom (£1,376,000) was in respect of goodwill of £9,286,000 concerning one entity in Asia-Pacific where a fall in forecast medium term sales growth rates of 1% per annum would reduce the value in use by £1,283,000 or a fall in the forecast country long term growth rate of 1% would reduce the value in use by £1,670,000.

Retirement benefit schemes

The net deficit on the Group's defined benefit retirement benefit schemes is determined based on actuarial advice and the calculation is significantly affected by relatively small changes in the actuarial assumptions concerning future inflation, discount rates and mortality. The net deficit on the Group's defined benefit retirement benefit schemes is £3,818,000 (2019: £7,820,000) after recognising actuarial losses in the year of £257,000 (2019: gains of £753,000).

The Group's main overseas pension arrangements relate to Thailand commitments which become payable as employees reach retirement age. Costs are provided for over the expected service lives of the employees. In addition to employee churn, other key assumptions are wage inflation and the rate used to discount the expected future payments to present value. At 31 December 2020 the provision in respect of the Group's Thailand pension and long service award arrangements is £14,001,000 (2019: £13,169,000) after recognising a charge in the year (excluding unwinding of discount) of £3,713,000 (2019: £7,279,000). The provision is based on projections from a triennial actuarial report prepared as at 31 December 2018, trued up for actual payments made. There has been no significant change to the principal actuarial assumptions in the year. A 1% reduction to employee churn would increase the provision by £634,000, a 1% increase to wage inflation would increase the provision by £991,000 and a 1% decrease to the discount rate would increase the provision by £767,000. The provision would decrease by similar amounts for 1% changes in the opposite direction.

3. TURNOVER

The Group's turnover by class of business and geographical market is as follows:

	2020 **£'000**	2019 £'000
Facilities services	**815,405**	869,527
Serviced office solutions	**106,912**	120,392
	922,317	989,919

	2020 **£'000**	2019 £'000
Asia-Pacific	**347,350**	395,582
United Kingdom	**536,986**	552,764
Rest of the world	**37,981**	41,573
	922,317	989,919

4. EXCEPTIONAL ITEMS

	2020 £'000	2019 £'000
Profit on sale of properties	**755**	4,382
Profit/(loss) on sale of operations	**100**	(3,413)
Restructuring costs	**(12,113)**	(199)
Bad debts	**(1,782)**	-
Holiday pay and pension costs	**(2,836)**	(5,750)
Landmark onerous leases	**(13,094)**	-
Landmark tangible asset impairments	**(9,576)**	-
Impairment of goodwill	**(16,707)**	-
Other fixed asset impairments	**(1,121)**	(350)
	(56,374)	(5,330)
Share of exceptional items of joint ventures	**(175)**	-
	(56,549)	(5,330)
Tax on exceptional items	**3,596**	950
	(52,953)	(4,380)

Profit on sale of properties relates to the disposal of surplus properties, mainly in the UK.

Profit on sale of operations relates to residual items in respect of prior disposals. The 2019 loss on sale of operations mainly relates to the tactical disposals of the Group's sub-scale business in Singapore and a Landmark subsidiary thereby exiting an under-performing lease.

Restructuring costs in 2020 reflect employee severance costs and other amounts incurred as a necessary reaction to reduced demand caused by the COVID-19 pandemic, including action to reduce overhead costs. The 2019 restructuring costs are mainly associated with the 2018 restructuring of the Group's UK businesses.

Bad debts are directly attributable to COVID-19.

Holiday pay and pension costs in 2020 relate to a reassessment of the accrual for New Zealand holiday pay, in common with many significant employers in New Zealand following government clarification of how this should be calculated (£2,754,000) and a Guaranteed Minimum Pension (GMP) equalisation charge in the UK (£82,000). The 2019 cost relates to the reassessment of the provision for Thailand pension arrangements.

Landmark onerous leases and asset impairments relate to the Group's serviced office businesses where the adverse impact of COVID-19 on sites with short remaining lease periods is greater than the forecast subsequent cash flows following the expected recovery.

Impairment of goodwill mainly relates to the Landmark businesses (£15,212,000) where, due to the effects of COVID-19, the carrying values of goodwill exceeded the estimated recoverable amounts. The other goodwill impairment charge of £1,495,000 relates to the sale of a non-core business in 2021.

Other fixed asset impairments are mainly associated with the business exiting two of the Company's properties.

5. FINANCE COSTS (NET)

	2020	2019
	£'000	£'000
Interest payable on bank loans and overdrafts	**1,151**	1,459
Interest payable under finance leases and hire purchase contracts	**114**	135
	1,265	1,594
Interest receivable	**(381)**	(54)
Unwinding of discount on provisions	**209**	77
Currency adjustments	**183**	68
Other finance expenses	**812**	1,064
	2,088	2,749
Share of net interest payable of joint ventures	**83**	124
	2,171	2,873

Other finance expenses includes £121,000 (2019: £340,000) in respect of defined benefit retirement benefit schemes (see note 23).

For financial instruments that are not measured at fair value through profit or loss, the total interest income for financial assets was £381,000 (2019: £54,000) and the total interest expense for financial liabilities was £1,626,000 (2019: £1,728,000). This financial instruments disclosure excludes income and expense in respect of finance leases and hire purchase contracts and retirement benefit schemes.

6. (LOSS)/PROFIT BEFORE TAXATION

	2020	2019
	£'000	£'000
(Loss)/profit before taxation is after charging:		
Depreciation of tangible fixed assets	**16,526**	16,452
Amortisation of goodwill	**9,287**	9,166
Amortisation of brands	**713**	713
Amortisation of software	**2,523**	2,411
Impairment of tangible fixed assets	**10,692**	350
Impairment of goodwill	**16,707**	-
Impairment of software	**5**	-
Rentals under operating leases:		
– hire of plant and machinery	**2,485**	3,342
– other operating leases	**50,853**	53,728
Auditor's remuneration:		
– audit of the Company's annual accounts	**362**	294
– audit of the Company's subsidiary undertakings	**536**	508
– tax compliance services	**85**	102

Rentals under other operating leases are stated net of £2,167,000 (2019: £nil) of COVID-19-related rent concessions that meet the criteria for recognition in the period that the change in lease payments is intended to compensate.

Fees payable to Deloitte LLP and its associates for non-audit services to the Company are not required to be separately disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

7. GOVERNMENT GRANTS AND OTHER SUPPORT MEASURES

During the year certain grants and other support measures were provided by governments around the world in response to the COVID-19 pandemic.

The Group recognised £42,573,000 of government grants to support the employment of the Group's employees. These grants have been shown as income, with £41,069,000 included in gross profit to align this grant income to the related wages cost. Other support measures including reduced social security costs totalled £913,000 in the year. There are no unfulfilled conditions or contingencies attached to the grants and other support measures received.

The Group's cash position at 31 December 2020 has benefitted from £20,814,000 of deferred UK VAT payments (including £290,000 relating to the Company) and £27,800,000 of deferred UK commercial rent payments by the Group's Landmark serviced office businesses as the Landmark directors have had to very carefully manage cashflows and protect liquidity in the face of severely depressed results due to COVID-19. The Company has extended financial support to the Landmark business through additional intercompany loan funding of £12,021,000 in the year. Deferred VAT is fully payable by 31 January 2022 and tenant protection in respect of deferred rent payments continues until 30 June 2022 under the latest government moratorium.

Other short term tax deferrals were in place during the year but did not benefit the Group's closing cash position.

8. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2020 £'000	2019 £'000
Directors' remuneration:		
Emoluments	**1,308**	2,023
Company contributions to defined contribution pension schemes	**4**	-
Emoluments	**1,312**	2,023

Directors' emoluments incorporate salaries, bonuses payable and other benefits. The Group Chief Executive elected not to receive a bonus in respect of 2020 given the pandemic.

One Director (2019: nil) was a member of a defined contribution pension scheme.

Emoluments of the highest paid Director were £448,000 (2019: £1,028,000). No share options were exercised by the highest paid Director and no shares were received or receivable by that Director under a long term incentive scheme in the current or prior year.

Total key management personnel compensation including social security costs was £4,539,000 (2019: £6,030,000). Key management personnel are the Directors and the Executive Leadership Team (ELT), the current ELT members are shown on page 1.

	GROUP		COMPANY	
	2020 No.	2019 No.	**2020 No.**	2019 No.
The average number of employees, some being employed on a part-time basis, was:				
Operations	**62,582**	71,506	**-**	-
Sales and administration	**1,776**	2,463	**44**	39
	64,358	73,969	**44**	39

	GROUP		COMPANY	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Staff costs, including Directors, incurred in respect of these employees were:				
Wages and salaries	**537,154**	586,788	**6,094**	7,504
Social security costs	**36,913**	36,794	**666**	943
Other pension costs	**16,141**	17,131	**283**	543
	590,208	640,713	**7,043**	8,990

Wages and salaries and social security costs include amounts arising under the Group's share-based payments schemes (see note 13).

Other pension costs include costs of £9,375,000 (2019: £10,491,000) for the Group relating to overseas pension arrangements, £6,566,000 (2019: £6,139,000) for the Group and £166,000 (2019: £140,000) for the Company relating to UK defined contribution schemes and £200,000 (2019: £501,000) for the Group and £117,000 (2019: £403,000) for the Company relating to current and past service costs of defined benefit schemes but exclude settlement gains, finance costs and amounts separately dealt with in the statement of comprehensive income.

Other pension costs include exceptional costs of £nil (2019: £5,750,000) for the Group relating to reassessments of the provision for Thailand pension arrangements and £82,000 (2019: £nil) for the Group and Company relating to a Guaranteed Minimum Pension (GMP) equalisation charge in the UK.

9. TAX ON (LOSS)/PROFIT

	2020	2019
	£'000	£'000
Current tax		
Foreign tax	**8,970**	6,823
Adjustment to prior periods' tax provisions:		
- UK corporation tax	**52**	3
- foreign tax	**108**	(268)
	9,130	6,558
Deferred tax		
Origination and reversal of timing differences	**(4,107)**	(631)
Change in tax rates	**(1,845)**	-
Adjustment to prior periods' tax provisions	**21**	(130)
	(5,931)	(761)
Share of tax of joint ventures	**257**	434
	3,456	6,231
Reconciliation of total tax charge:		
(Loss)/profit before tax	**(44,550)**	3,755
Tax on (loss)/profit at standard UK corporation tax rate of 19% (2019: 19%)	**(8,465)**	713
Factors affecting charge for the year:		
- expenses not deductible for tax purposes	**6,410**	1,581
- unutilised tax losses	**3,529**	73
- overseas tax rates	**2,848**	2,816
- other non-taxable income	**(186)**	(991)
- change in UK deferred tax rate	**(1,845)**	-
- deferred tax not recognised on timing differences	**984**	2,428
- adjustments in respect of prior periods	**181**	(389)
Total tax charge for the year	**3,456**	6,231

In addition to the tax charge shown above there is an overseas corporation tax charge of £214,000 (2019: credit of £186,000) and a UK deferred tax credit of £228,000 (2019: £11,000) dealt with in the statement of comprehensive income.

10. RESULT OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account and the statement of comprehensive income of the Company are not presented as part of these financial statements. The Company's profit for the financial year was £12,412,000 (2019: loss of £4,100,000).

11. DIVIDENDS

	2020 £'000	2019 £'000
Amounts recognised as distributions to shareholders:		
- second interim of £nil per share (2019: 22p per share paid on 4,940,871 A ordinary and ordinary shares on 18 April 2019)	**-**	1,087
- first interim of £nil per share (2019: 33p per share paid on 4,964,957 A ordinary and ordinary shares on 30 October 2019)	**-**	1,638
	-	2,725

The Employee Share Ownership Plan (ESOP) trust has waived its entitlement to dividends on its ordinary shares.

12. LOSS PER SHARE

The calculation of basic and diluted loss per share and basic and diluted profit per share excluding exceptional items is based on a weighted average of 4,964,957 (2019: 4,955,384) A ordinary, ordinary and employee shares of 10p each in issue during the year.

	PROFIT/(LOSS) 2020	**BASIC AND DILUTED PROFIT/(LOSS) PER SHARE 2020**	PROFIT/(LOSS) 2019	BASIC AND DILUTED PROFIT/(LOSS) PER SHARE 2019
	£'000	**PENCE**	£'000	PENCE
Profit for the financial year excluding exceptional items	**4,843**	**98**	1,863	38
Exceptional items (note 4)	**(52,953)**	**(1,067)**	(4,380)	(89)
Loss for the financial year	**(48,110)**	**(969)**	(2,517)	(51)

13. SHARE-BASED PAYMENTS

Share option scheme

The Company has a share option scheme for certain Group employees. The companies taking part in this Group share-based payment scheme recognise and measure their allocation of the share-based payment expense pro-rata based on the number of options issued to employees of those companies. The estimated fair value of the options at grant date and at each subsequent balance sheet date for accounting purposes is measured by the use of the Black-Scholes pricing model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The vesting period for all options is three years from the date of grant (based on three year performance targets) with an extended four year vesting period (based on four year performance targets) for certain options if the three year performance targets are not achieved. Options expire if they remain unexercised after a period of seven years from the date of grant and options may be forfeited if the employee leaves the Group before the options vest.

Due to the requirement for these shares to be sold when employees leave the Group, these share-based payments are classified as cash settled.

Details of the share options outstanding during the year under the Group share option scheme are as follows:

	GROUP	
	2020	2019
	No.	No.
At 1 January	**577,569**	697,531
Granted during the year	**-**	165,197
Exercised during the year	**-**	(1,145)
Forfeited during the year	**-**	(284,014)
At 31 December	**577,569**	577,569

In addition, the holders of 5,623 (2019: nil) share options are eligible to receive shares if they remain with the Group until 30 April 2021.

At 31 December 2020 no options were exercisable (2019: nil).

The exercise price for all share options is £nil.

The Group recognised a credit of £804,000 (2019: charge of £2,741,000) within administrative expenses related to share-based payment transactions arising under the share option schemes.

Long term incentive scheme

During the year certain Group employees participated in the first year of a three year incentive scheme. At the end of the three years employees will be eligible to receive shares based on the achievement of annual performance targets.

The Group recognised a charge of £986,000 (2019: £nil) within administrative expenses related to share-based payment transactions arising under the long term incentive scheme.

Bonus schemes

Certain Directors and other senior management have elected to invest a proportion of their bonuses in shares. Due to the requirement for these shares to be sold when employees leave the Group, these share-based payments are classified as cash settled. During the year no shares were acquired in respect of the prior year's bonuses (2019: 21,981 including 11,729 relating to the Company).

The holders of 23,782 (2019: 23,782) shares acquired in 2017, including 17,030 (2019: 17,030) relating to the Company, were eligible for a further cash bonus equal to the value of the shares acquired if they remained with the Group for three years. This performance period was achieved in 2020.

The Group recognised a charge of £416,000 (2019: £983,000) within administrative expenses related to share-based payment transactions arising under the bonus schemes.

The Group recognised a charge of £598,000 (2019: £3,724,000) within administrative expenses related to all share-based payment transactions.

The Group's cumulative liability in respect of all share-based payment transactions is £7,347,000 (2019: £6,928,000).

14. INTANGIBLE FIXED ASSETS

	GROUP				COMPANY
	GOODWILL	BRANDS	SOFTWARE	TOTAL	SOFTWARE
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2020	141,959	7,126	29,385	178,470	295
Currency adjustments	615	-	19	634	-
New subsidiaries acquired (note 16C)	1,706	-	21	1,727	-
Additions	-	-	1,813	1,813	203
Disposals	-	-	(366)	(366)	(13)
At 31 December 2020	**144,280**	**7,126**	**30,872**	**182,278**	**485**
Amortisation					
At 1 January 2020	75,480	3,920	20,758	100,158	219
Currency adjustments	165	-	11	176	-
Charge for the year	9,287	713	2,523	12,523	55
Impairment	16,707	-	5	16,712	-
Disposals	-	-	(366)	(366)	(13)
At 31 December 2020	**101,639**	**4,633**	**22,931**	**129,203**	**261**
Net book value					
At 31 December 2020	**42,641**	**2,493**	**7,941**	**53,075**	**224**
At 31 December 2019	66,479	3,206	8,627	78,312	76

The cumulative amount of goodwill written off to reserves in the accounting periods 31 March 1984 to 31 March 1998 inclusive, as a matter of accounting policy, is £18,567,000 (2019: £18,567,000). Goodwill written off in respect of accounting periods prior to 1984 has not been disclosed as it cannot be obtained without unreasonable expense and delay.

Brands relate to the Landmark brand which is considered to be material to the Group. The inherent value of the i2Office brand, which was purchased in June 2014, has transferred to the Landmark brand following a rebranding of the business on 29 January 2018. The brand has an estimated remaining useful life of three years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. TANGIBLE FIXED ASSETS

GROUP	FREEHOLD PROPERTIES £'000	LONG TERM LEASEHOLD PROPERTIES £'000	SHORT TERM LEASEHOLD PROPERTIES £'000	MOTOR VEHICLES £'000	PLANT, MACHINERY, FIXTURES AND FITTINGS £'000	CABINETS, MATS AND SERVICE EQUIPMENT £'000	TOTAL £'000
Cost							
At 1 January 2020	8,733	2,960	71,105	3,995	77,131	2,764	166,688
Currency adjustments	(12)	25	(3)	70	10	(83)	7
Reclassifications	(22)	(282)	304	-	68	(68)	-
New subsidiaries acquired (note 16C)	-	-	-	7	67	-	74
Additions	-	-	1,770	91	5,379	583	7,823
Disposals	(7,891)	-	(1,326)	(1,489)	(6,243)	-	(16,949)
At 31 December 2020	**808**	**2,703**	**71,850**	**2,674**	**76,412**	**3,196**	**157,643**
Depreciation							
At 1 January 2020	5,535	1,729	24,698	3,313	50,461	1,170	86,906
Currency adjustments	(5)	18	(9)	50	88	(41)	101
Reclassifications	(22)	(208)	230	-	24	(24)	-
Charge for the year	24	94	7,550	225	8,059	574	16,526
Impairment	-	-	10,527	18	147	-	10,692
Disposals	(5,094)	-	(1,007)	(1,446)	(4,707)	-	(12,254)
At 31 December 2020	**438**	**1,633**	**41,989**	**2,160**	**54,072**	**1,679**	**101,971**
Net book value							
At 31 December 2020	**370**	**1,070**	**29,861**	**514**	**22,340**	**1,517**	**55,672**
At 31 December 2019	3,198	1,231	46,407	682	26,670	1,594	79,782
COMPANY							
Cost							
At 1 January 2020	8,363	2,519	2,681	-	820	-	14,383
Reclassifications	(22)	(282)	304	-	-	-	-
Disposals	(7,891)	-	(835)	-	(294)	-	(9,020)
At 31 December 2020	**450**	**2,237**	**2,150**	**-**	**526**	**-**	**5,363**
Depreciation							
At 1 January 2020	5,367	1,416	1,738	-	818	-	9,339
Charge for the year	24	53	102	-	-	-	179
Reclassifications	(22)	(208)	230	-	-	-	-
Impairment	-	-	830	-	2	-	832
Disposals	(5,094)	-	(835)	-	(294)	-	(6,223)
At 31 December 2020	**275**	**1,261**	**2,065**	**-**	**526**	**-**	**4,127**
Net book value							
At 31 December 2020	**175**	**976**	**85**	**-**	**-**	**-**	**1,236**
At 31 December 2019	2,996	1,103	943	-	2	-	5,044

During the year the Group entered into finance lease and hire purchase arrangements in respect of assets with a total capital value at inception of £618,000 (2019: £1,160,000). The net book value of the Group's fixed assets includes £6,000 (2019: £13,000) in respect of motor vehicles and £3,169,000 (2019: £3,748,000) in respect of plant and machinery held under finance leases and hire purchase contracts, which do not include any unusual arrangements.

Cabinets, mats and service equipment are held for client hire.

Tangible fixed assets held under finance leases and hire purchase contracts with a carrying amount of £3,175,000 (2019: £3,761,000) have been pledged to secure bank liabilities of the Group.

16. FIXED ASSET INVESTMENTS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Subsidiary undertakings	**-**	-	**118,923**	125,943
Joint ventures	**5,315**	4,764	**39**	27
Other investments	**668**	541	**600**	473
	5,983	5,305	**119,562**	126,443

(A) Joint ventures

GROUP	SHARE OF NET ASSETS AND LOANS £'000	GOODWILL £'000	TOTAL £'000
At 1 January 2020	4,471	293	4,764
Currency adjustments	(228)	-	(228)
Share of profit	1,257	(47)	1,210
Additions	393	-	393
Dividends	(389)	-	(389)
Loans repaid	(435)	-	(435)
At 31 December 2020	**5,069**	**246**	**5,315**

The Group share of profit of £1,210,000 comprises share of operating profit of £1,550,000 less share of net interest payable of £83,000 *less share of tax charge of £257,000.*

16. FIXED ASSET INVESTMENTS (continued)

(B) Other investments

GROUP	LISTED £'000	UNLISTED £'000	TOTAL £'000
Cost/fair value			
At 1 January 2020	9	1,372	1,381
Revaluations	(1)	-	(1)
Additions	-	250	250
Disposals	-	(420)	(420)
At 31 December 2020	**8**	**1,202**	**1,210**
Provisions			
At 1 January 2020	-	840	840
Charge for the year	-	102	102
Disposals	-	(400)	(400)
At 31 December 2020	**-**	**542**	**542**
Net book value			
At 31 December 2020	**8**	**660**	**668**
At 31 December 2019	9	532	541

Listed investments represent investments in non-puttable ordinary shares and are measured at fair value based on the quoted market price. The cost of the shares on acquisition was £3,000 (2019: £3,000). Unlisted investments, including non-puttable ordinary shares of £67,000 (2019: £67,000), are held at cost less amortisation and provision for any impairment.

(C) Acquisitions

On 31 October 2020 the Company acquired 100% of the share capital of ISS Facility Services Sdn. Bhd. (now renamed One Complete Solution (M) Sdn. Bhd.). The following provisional values were attributed to the major categories of assets and liabilities acquired:

	BOOK VALUES £'000	ADJUSTMENTS £'000	FAIR VALUES £'000
Intangible fixed assets	21	-	21
Tangible fixed assets	259	(185)	74
Stock	13	-	13
Debtors	2,153	(65)	2,088
Cash at bank and in hand	1,508	-	1,508
Creditors: amounts falling due within one year	(735)	104	(631)
Creditors: amounts falling after more than one year	(90)	89	(1)
Net assets acquired	3,129	(57)	3,072
Goodwill			1,706
Total consideration			**4,778**
Discharged by:			
Cash paid in the year			**4,778**

16. FIXED ASSET INVESTMENTS (continued)

(C) Acquisitions (continued)

The net cash outflow in respect of the acquisition of £3,270,000 comprised cash consideration of £4,778,000 less cash at bank and in hand of £1,508,000 acquired. The useful life of goodwill for this acquisition is ten years.

In the year ended 31 December 2020, turnover of £1,369,000 and a loss after taxation of £181,000 are included in the consolidated profit and loss account in respect of One Complete Solution (M) Sdn. Bhd..

(D) Investments held as fixed assets by the Company

	SUBSIDIARY UNDERTAKINGS	JOINT VENTURES	OTHER INVESTMENTS		
			LISTED	UNLISTED	TOTAL
COMPANY	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost/fair value					
At 1 January 2020	126,566	27	9	824	127,426
Additions - third party	-	12	-	250	262
Additions - Group (adjustments to prior year)	(36)	-	-	-	(36)
Revaluations	-	-	(1)	-	(1)
Disposals	-	-	-	(420)	(420)
At 31 December 2020	**126,530**	**39**	**8**	**654**	**127,231**
Provisions					
At 1 January 2020	623	-	-	360	983
Charge for the year	-	-	-	102	102
Impairment	6,984	-	-	-	6,984
Disposals	-	-	-	(400)	(400)
At 31 December 2020	**7,607**	**-**	**-**	**62**	**7,669**
Net book value					
At 31 December 2020	**118,923**	**39**	**8**	**592**	**119,562**
At 31 December 2019	125,943	27	9	464	126,443

Listed investments represent investments in non-puttable ordinary shares and are measured at fair value based on the quoted market price. The cost of the shares on acquisition was £3,000 (2019: £3,000).

Unlisted investments are held at cost less amortisation and provision for any impairment.

17. STOCKS

	GROUP	
	2020	2019
	£'000	£'000
Raw materials and consumables	**23**	15
Finished goods and goods for resale	**3,553**	2,919
	3,576	2,934

18. DEBTORS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**91,336**	104,646	**-**	-
Amounts recoverable on contracts	**1,404**	2,528	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**14,353**	9,748
Amounts owed by joint ventures	**84**	509	**62**	128
Other debtors	**6,059**	6,765	**583**	558
Taxation	**3,708**	7,149	**924**	849
Deferred tax (see note 21)	**1,205**	325	**550**	599
Prepayments and accrued income	**12,593**	28,330	**642**	2,536
Government grants	**1,084**	-	**-**	-
	117,472	150,252	**17,114**	14,418
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	**-**	-	**10,000**	8,000
Deferred tax (see note 21)	**28,606**	23,258	**954**	1,245
	28,606	23,258	**10,954**	9,245

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Bank loans	**13,056**	12,506	**2,893**	3,292
Obligations under finance leases and hire purchase contracts	**869**	1,306	**-**	-
Trade creditors	**43,118**	37,922	**691**	738
Amounts owed to subsidiary undertakings	**-**	-	**77,879**	101,927
Amounts owed to joint ventures	**78**	72	**30**	-
Taxation	**4,073**	1,541	**-**	-
Other taxes and social security	**44,291**	26,973	**31,010**	12,524
Share-based payments (see note 13)	**6,360**	5,443	**6,360**	5,443
Other creditors	**20,797**	26,729	**219**	506
Accruals and deferred income	**97,705**	87,332	**2,786**	3,564
	230,347	199,824	**121,868**	127,994

Group accruals and deferred income includes £2,613,000 (2019: £3,727,000) relating to operating lease incentives which will be released to the profit and loss account over the terms of the leases.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Bank loans	**-**	7,529	**-**	7,529
Obligations under finance leases and hire purchase contracts	**609**	1,039	**-**	-
Share-based payments (see note 13)	**987**	1,485	**987**	1,485
Accruals and deferred income	**47,276**	38,372	**-**	-
	48,872	48,425	**987**	9,014
Bank loans are repayable as follows:				
Within one year	**13,455**	12,506	**3,292**	3,292
Between one and five years	**-**	8,000	**-**	8,000
Unamortised issue costs	**(399)**	(471)	**(399)**	(471)
	13,056	20,035	**2,893**	10,821
Obligations under finance leases and hire purchase contracts are repayable as follows:				
Within one year	**869**	1,306	**-**	-
Between one and five years	**609**	1,039	**-**	-
	1,478	2,345	**-**	-

Group and Company bank loans of £3,292,000 (2019: £3,292,000) are secured on certain assets of the Group.

Included in the Group and Company bank loans is £nil (2019: £8,000,000) before unamortised issue costs drawn under the Group's main revolving credit facility which was committed to 30 April 2022 with interest payable at a variable rate of LIBOR plus a margin depending on the level of the Group's gearing. The terms of the facility included restrictions on very large acquisitions and disposals without lender consent. This facility has now been replaced with a new revolving credit facility committed to 30 April 2024.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Accruals and deferred income includes £47,276,000 (2019: £38,372,000) relating to operating lease incentives which will be released to the profit and loss account over the terms of the leases.

21. DEFERRED TAX

The amounts of deferred tax recognised in the financial statements are as follows:

	GROUP		COMPANY	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Depreciation in excess of capital allowances	**21,822**	15,813	**645**	401
Retirement benefit schemes	**550**	1,131	**550**	1,131
Tax losses	**1,239**	-	**-**	-
Other timing differences	**6,200**	6,639	**309**	312
	29,811	23,583	**1,504**	1,844

During 2021 the net reversal of deferred tax assets and liabilities is expected to decrease the Group corporation tax charge for the year by £1,205,000. This is due to the reversal of timing differences.

A deferred tax asset of £12,441,000 (2019: £9,924,000) has not been recognised in respect of certain tax losses and timing differences. This asset will be recovered if there are sufficient future taxable profits and reversals of timing differences in the relevant companies.

On 11 March 2020 the cancellation of the previously enacted future reduction to the UK corporation tax rate was announced, thereby increasing the UK deferred tax rate from 17% to 19% and increasing the Group's deferred tax asset by £1,845,000 (see note 9).

On 3 March 2021 a future increase to the UK corporation tax rate was announced, taking effect in 2023. If this change had been in place at 31 December 2020 the UK deferred tax rate would have increased from 19% to 25%, the Group's deferred tax asset would have increased by £6,964,000 and the Company's deferred tax asset would have increased by £546,000.

22. PROVISIONS FOR LIABILITIES

	GROUP					COMPANY		
	INSURANCE £'000	CONTINGENT CONSIDERATION £'000	OVERSEAS PENSION £'000	PROPERTY £'000	TOTAL £'000	INSURANCE £'000	PROPERTY £'000	TOTAL £'000
At 1 January 2020	10,814	5,950	13,169	2,306	32,239	10,814	-	10,814
Currency adjustments	-	-	(425)	-	(425)	-	-	-
Utilised in the year	(2,597)	(5,593)	(2,665)	(1,224)	(12,079)	(2,597)	-	(2,597)
Unwinding of discount	-	-	209	-	209	-	-	-
Released unused	(986)	-	-	(401)	(1,387)	(986)	-	(986)
Transferred to creditors	-	(357)	-	-	(357)	-	-	-
Charged to profit and loss account	2,738	-	3,713	14,902	21,353	2,738	1,734	4,472
At 31 December 2020	**9,969**	**-**	**14,001**	**15,583**	**39,553**	**9,969**	**1,734**	**11,703**

Insurance provisions relate to the Group's self-insurance arrangements and will become payable as claims are notified and settled.

Contingent consideration provisions arise where future consideration is payable in respect of acquisitions, contingent upon their future results. The contingent consideration was paid during the year.

Overseas pension provisions relate to Thailand commitments which become payable based on length of service and as employees reach retirement age.

Property provisions relate to onerous leases and dilapidations which will crystallise over the periods of the leases unless they can be mitigated or are settled by way of early termination.

23. RETIREMENT BENEFIT SCHEMES

The Group has a number of funded pension arrangements, including The OCS Group Staff Pension and Assurance Scheme, a defined benefit scheme closed to new members and closed to future benefit accrual for existing members, the OCS Group Pension Savings Scheme, a defined contribution scheme and The OCS Group Transfer of Undertakings Pension Scheme, a defined benefit scheme for employees transferred under TUPE arrangements from public sector employers. The Group also has an unfunded defined benefit post retirement healthcare scheme.

The main pension scheme is The OCS Group Staff Pension and Assurance Scheme, which covered permanent managerial, administrative and sales staff in the UK. On 1 April 2000 this scheme was closed to new members and on 31 July 2009 future benefit accruals for existing members ceased. From 1 April 2000 a new defined contribution scheme commenced, the OCS Group Pension Savings Scheme. This scheme was available to eligible employees joining the Group after that date up to 31 March 2013 and provides benefits based on the employees' and the Group's contributions. From 1 April 2013, eligible employees joining the Group are included in the Group's auto-enrolment pension arrangements which also provides benefits based on the employees' and the Group's contributions. These changes are in line with the practice increasingly adopted by major UK companies and are designed to be more flexible to employees and enable the Group to determine its pension costs more precisely than is the case for defined benefit schemes.

Lump sum contributions of £4,383,000 (2019: £7,722,000) were paid to The OCS Group Staff Pension and Assurance Scheme during the year. From January 2021 until December 2024 lump sum contributions of £265,000 are payable monthly, increasing at 3% per annum each December. Under this recovery plan agreed with the scheme trustee in 2018, the Group aimed to eliminate the deficit over a period of six years. The Group will monitor funding levels annually and the funding schedule will be reviewed between the Group and trustee every three years, based on actuarial valuations. The next triennial valuation is due to be completed as at 1 April 2021. At 31 December 2020 this scheme showed a funding deficit of £4,116,000 (2019: £7,351,000).

A lump sum contribution of £50,000 (2019: £50,000) was paid to The OCS Group Transfer of Undertakings Pension Scheme during the year and from May 2021 until May 2023 annual lump sum contributions of £50,000 are payable under the recovery plan agreed with the scheme trustee. At 31 December 2020 this scheme showed a funding surplus of £1,097,000 (2019: £1,106,000).

The most recent full actuarial valuations of the Group's defined benefit pension schemes are as at 1 April 2018 by Capita Employee Benefits Limited. The amounts included in the accounts in respect of the Group's defined benefit pension schemes have been based on valuations of assets and liabilities carried out at 31 December 2020 by Isio Services Limited. Scheme assets are stated at their market value at 31 December 2020 and scheme liabilities are measured on an actuarial basis using the projected unit credit method.

On 31 March 2015 the Company became the sole sponsoring employer of The OCS Group Staff Pension and Assurance Scheme. The OCS Group Transfer of Undertakings Pension Scheme and the post retirement healthcare scheme are schemes that share risks between the Company and OCS Group UK Limited and there is no formal policy in place for funding or charging the cost of these schemes between the two companies.

	PENSION SCHEMES	
	2020	2019
Assumptions		
Inflation - RPI	**2.85% p.a.**	2.90% p.a.
Inflation - CPI	**1.95% p.a.**	2.00% p.a.
Rate of increase in salaries	**2.85% p.a.**	2.90% p.a.
Rate of increase in pensions:		
- accrued before 1 April 1992	**2.65% p.a.**	2.70% p.a.
- accrued after 31 March 1992	**2.80% p.a.**	2.85% p.a.
Rate of discount for liabilities	**1.30% p.a.**	2.00% p.a.

The mortality assumption at 31 December 2020 is 100% of SAPS S2 Standard tables with CMI 2019 projections using a 1.25% long term improvements rate. This is consistent with the prior year except for the use of CMI 2018 projections at 31 December 2019.

	HEALTHCARE SCHEME	
	2020	2019
Assumptions		
Rate of discount for liabilities	**1.30% p.a.**	2.00% p.a.
Rate of increase in healthcare costs	**10.40% p.a.**	10.40% p.a.

23. RETIREMENT BENEFIT SCHEMES (continued)

	2020 £'000	2019 £'000
Fair values of assets and present values of liabilities		
Equities	**91,204**	85,992
Bonds	**166,457**	146,733
Derivative instruments	**6,355**	5,724
Property	**18,041**	19,151
Cash	**4,725**	2,719
Fair value of pension scheme assets	**286,782**	260,319
Present value of pension scheme liabilities	**(289,801)**	(266,564)
Net deficit on pension schemes	**(3,019)**	(6,245)
Present value of healthcare scheme liabilities	**(799)**	(1,575)
Net deficit	**(3,818)**	(7,820)
Related deferred tax asset	**550**	1,131
Net retirement benefit liabilities	**(3,268)**	(6,689)

The net deficit at 31 December 2020 includes a surplus of £1,097,000 (2019: £1,106,000) for The OCS Group Transfer of Undertakings Pension Scheme.

	2020 £'000	2019 £'000
Analysis of amounts (charged)/credited in the year		
Current service cost	**(118)**	(501)
Net interest expense	**(121)**	(340)
Past service cost	**(82)**	-
Recognised in the profit and loss account	**(321)**	(841)
Recognised in other comprehensive income	**(257)**	753
Total charge relating to defined benefit schemes	**(578)**	(88)

£115,000 (2019: £164,000) of the current service cost is included within cost of sales and £3,000 (2019: £337,000) is included within administrative expenses. The 2020 past service cost relating to a Guaranteed Minimum Pension (GMP) equalisation charge is included in exceptional items.

	ASSETS £'000	LIABILITIES £'000	TOTAL £'000
Analysis of the movements in assets and liabilities			
At 1 January 2020	260,319	(268,139)	(7,820)
Current service cost	-	(118)	(118)
Past service cost	-	(82)	(82)
Interest income/(expense)	5,132	(5,253)	(121)
Actuarial gains/(losses)	27,634	(27,891)	(257)
Benefits paid	(10,791)	10,791	-
Employer contributions	4,481	99	4,580
Contributions from scheme members	7	(7)	-
At 31 December 2020	**286,782**	**(290,600)**	**(3,818)**

The actual return on pension scheme assets was a surplus of £32,766,000 (2019: £30,769,000).

24. FINANCIAL INSTRUMENTS

The following disclosures exclude investments in subsidiary undertakings and joint ventures, finance leases and hire purchase contracts, retirement benefit schemes, share-based payment arrangements and all financial assets and liabilities measured at the undiscounted amount receivable or payable.

The carrying values of financial assets are summarised by category below:

	GROUP	
	2020	2019
Financial assets	**£'000**	£'000
Measured at fair value through profit or loss:		
- investments in listed equity instruments	**8**	9
Equity instruments measured at cost less impairment:		
- investments in unlisted equity instruments	**67**	67

The change in value of financial assets measured at fair value through profit or loss was a revaluation loss of £1,000 (2019: gain of £1,000).

25. CALLED UP SHARE CAPITAL AND RESERVES

	2020	2019
	£'000	£'000
(A) Called up share capital		
Allotted and fully paid		
5,400,000 (2019: 5,400,000) A ordinary and ordinary shares of 10p each	**540**	540

The A ordinary shares and ordinary shares carry no right to fixed income, rank pari passu with each other in all respects and are considered to be one class of share.

(B) Reserves

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve represents the nominal value of equity shares redeemed or cancelled.

The ESOP reserve arises in connection with the Employee Share Ownership Plan (ESOP) trust, a discretionary trust established to facilitate the operation of the Company's long term incentive scheme for senior management of the Group. The reserve represents the consideration paid for the Company's shares held by the ESOP trust. At 31 December 2020 £8,315,000 (2019: £8,315,000) has been deducted from shareholders' funds for the consideration paid for 502,356 (2019: 502,356) of the Company's shares held by the ESOP trust or which had not vested unconditionally in employees. At 31 December 2020 the ESOP trust held 435,043 (2019: 435,043) ordinary shares and there were 67,313 (2019: 67,313) ordinary shares which had not vested unconditionally in employees. The Company is owed £3,862,000 (2019: £3,862,000) by the ESOP trust in respect of the loans provided to allow the ESOP trust to purchase the Company's shares. Further details of the Company's share-based payment schemes are given in note 13.

The profit and loss account represents cumulative profits or losses, foreign exchange differences, actuarial gains and losses on retirement benefit schemes and other adjustments net of dividends paid.

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	GROUP	
	2020	2019
	£'000	£'000
(A) Cash flows from operating activities		
Operating (loss)/profit	**(43,929)**	5,109
Depreciation of tangible fixed assets	**16,526**	16,452
Impairment of tangible fixed assets	**10,692**	350
Amortisation of intangible assets	**12,523**	12,290
Impairment of intangible fixed assets	**16,712**	-
Loss/(profit) on sale of tangible and intangible fixed assets	**84**	(4,256)
(Profit)/loss on sale of operations	**(100)**	2,642
Adjustments for retirement benefit schemes	**54**	(103)
Equity settled share-based payments	**-**	2
(Increase)/decrease in stocks	**(599)**	50
Decrease in debtors	**31,505**	7,345
Increase in creditors	**35,451**	5,534
Increase in provisions	**15,486**	5,398
Decrease in other liquid resources	**-**	3,056
Currency adjustments	**51**	144
Provision charged against investments	**102**	80
Loss/(profit) on revaluation of listed investments	**1**	(1)
UK corporation tax and overseas tax paid	**(3,592)**	(7,133)
Lump sum pension contributions	**(4,433)**	(7,772)
Net cash flows from operating activities	**86,534**	39,187

Other liquid resources represents restricted cash, restricted short term bank deposits and unrestricted short term bank deposits with a maturity in excess of three months at the date of acquisition.

(B) Cash flows from investing activities		
Sale of properties - exceptional item	**3,568**	6,522
Sale of other tangible fixed assets	**910**	188
Purchase of tangible fixed assets	**(7,654)**	(19,398)
Purchase of intangible fixed assets	**(1,813)**	(3,518)
Interest received	**381**	54
Dividends received from joint ventures	**389**	564
Sale of operations - exceptional item	**(1,570)**	(2,038)
Investment in joint ventures	**(394)**	(27)
Purchase of other investments	**(250)**	(170)
Purchase of subsidiary undertakings and businesses	**(10,371)**	(11,796)
Loans repaid from joint ventures	**435**	-
Sale of other investments	**20**	88
Cash at bank and in hand acquired	**1,508**	483
Net cash flows from investing activities	**(14,841)**	(29,048)

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (continued)

	GROUP 2020 £'000	GROUP 2019 £'000
(C) Cash flows from financing activities		
Dividends paid	**(118)**	(2,855)
Interest and other finance expenses paid	**(2,016)**	(2,083)
Repayment of bank loans	**(8,000)**	(3,110)
Repayment of obligations under finance leases and hire purchase contracts	**(1,456)**	(1,491)
New bank loans	**1,028**	9,587
Net cash flows from financing activities	**(10,562)**	48

27. ANALYSIS OF NET FUNDS

GROUP	AT 1 JANUARY 2020 £'000	CURRENCY TRANSLATION DIFFERENCES £'000	ACQUISITIONS AND DISPOSALS £'000	CASH FLOW £'000	OTHER NON-CASH CHANGES £'000	AT 31 DECEMBER 2020 £'000
Cash at bank and in hand (unrestricted)	36,486	661	-	56,497	-	**93,644**
Short term bank deposits (unrestricted)	687	(235)	-	4,634	-	**5,086**
Cash and cash equivalents	37,173	426	-	61,131	-	**98,730**
Bank loans	(20,035)	79	-	6,972	(72)	**(13,056)**
Obligations under finance leases and hire purchase contracts	(2,345)	37	(8)	1,456	(618)	**(1,478)**
Restricted cash	4	-	-	-	-	**4**
Restricted short term bank deposits	3,292	-	-	-	-	**3,292**
	18,089	542	(8)	69,559	(690)	**87,492**

Restricted short term bank deposits not available for use of £3,292,000 (2019: £3,292,000) relate to the Company and serve as security for bank loans.

28. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Future capital expenditure				
Tangible fixed assets	**130**	1,173	**-**	-
Software	**725**	612	**-**	98
Contracted for but not provided	**855**	1,785	**-**	98

29. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	LAND AND BUILDINGS 2020	**OTHER 2020**	LAND AND BUILDINGS 2019	OTHER 2019
GROUP	**£'000**	**£'000**	£'000	£'000
Payments due:				
Within one year	**49,788**	**4,484**	48,984	4,175
Between one and five years	**159,490**	**6,034**	178,696	6,348
After five years	**83,177**	**130**	81,169	478
	292,455	**10,648**	308,849	11,001
COMPANY				
Payments due:				
Within one year	**663**	**-**	776	-
Between one and five years	**358**	**-**	890	-
After five years	**1**	**-**	1	-
	1,022	**-**	1,667	-

The minimum lease payments under non-cancellable operating leases mainly relate to property lease payments of £283,383,000 (2019: £298,423,000) payable by companies in the group headed by Landmark Limited, the Group's subsidiary undertakings that provide serviced office solutions.

30. ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

The Group's subsidiary undertakings and joint ventures held at 31 December 2020 are listed below. Those companies that were directly owned by the Company at 31 December 2020 are indicated by *.

SUBSIDIARY UNDERTAKINGS	COUNTRY OF INCORPORATION	ACTIVITY	PROPORTION OF ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
00251293 Limited *	Great Britain	Dormant	100	1
00570914 Limited *	Great Britain	Dormant	100	1
ACN 114 749 110 Pty Limited	Australia	Dormant	100	4
AHP Recycling Limited	Ireland	Dormant	100	17
Cannon Hygiene International Limited *	Great Britain	Dormant	100	1
Cannon Hygiene (Ireland) Limited	Ireland	Facilities services	100	17
Distribution and Wholesalers Limited	New Zealand	Facilities services	100	5
Fountains Support Services Limited *	Great Britain	Dormant	100	1
FWG Limited	New Zealand	Facilities services	100	5
Health & Safety Services NZ Limited	New Zealand	Facilities services	100	5
i2 Office Limited	Great Britain	Dormant	100	1
Integrated Premises Services (Holdings) Pty Limited	Australia	Dormant	100	4
Integrated Premises Services Pty Limited	Australia	Dormant	100	4
IPS Cleaning Australia Pty Limited	Australia	Facilities services	100	4
IPS Events Pty Limited	Australia	Dormant	100	4
IPS Project & Services (Australia) Pty Limited	Australia	Dormant	100	4
IPS Speciality Cleaning Pty Limited	Australia	Dormant	100	4
Landmark Business Centres (Bank) Limited	Great Britain	Serviced offices	100	1
Landmark Business Centres (Bishopsgate) Limited	Great Britain	Serviced offices	100	1
Landmark Business Centres (Dover Street) Limited	Great Britain	Serviced offices	100	1
Landmark Business Centres (Holland House) Limited	Great Britain	Serviced offices	100	1
Landmark Business Centres (OBS) Limited	Great Britain	Serviced offices	100	1
Landmark Limited *	Great Britain	Serviced offices	100	1
Landmark Space Limited	Great Britain	Serviced offices	100	1
Landmark Technologies (UK) Limited	Great Britain	Dormant	100	1
LR Nederland B.V. *	Netherlands	Dormant	100	1
O.C.S. Forestry UK Limited *	Great Britain	Dormant	100	1
O.C.S. Group (Ireland) Limited	Ireland	Facilities services	100	17
OCS Building Maintenance Pty Limited	Australia	Facilities services	100	4
OCS China Pty Limited	Australia	Dormant	100	4
OCS Group (India) Private Limited	India	Facilities services	100	9

30. ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

SUBSIDIARY UNDERTAKINGS	COUNTRY OF INCORPORATION	ACTIVITY	PROPORTION OF ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
OCS Group Australia Pty Limited	Australia	Facilities services	100	4
OCS Group International Limited *	Great Britain	Facilities services	100	1
OCS Group NZ Limited	New Zealand	Facilities services	100	5
OCS Group Pension Trustees Limited *	Great Britain	Dormant	100	1
OCS Group Singapore Pte Limited	Singapore	Facilities services	100	10
OCS Group UK Limited *	Great Britain	Facilities services	100	1
OCS Limited	New Zealand	Facilities services	100	5
OCS Management Services Limited	Ireland	Facilities services	100	18
OCS One Complete Solution Limited	Ireland	Facilities services	100	17
OCS ROH Limited	Thailand	Facilities services	100	8
OCS Services Pty Limited	Australia	Facilities services	100	4
OCSPLUS Outsourced Client Services Pvt. Limited	India	Dormant	100	9
Office Cleaning Services Limited *	Great Britain	Dormant	100	1
One Complete Solution (M) Sdn. Bhd.	Malaysia	Facilities services	100	3
PCS Engineering Solutions Co. Limited	Thailand	Facilities services	100	8
PCS Security and Facility Services Limited	Thailand	Facilities services	99	8
Property Care Services (Malaysia) Sdn. Bhd.	Malaysia	Facilities services	99	6
PWB (M) Sdn. Bhd.	Malaysia	Facilities services	100	15
RO Holdings Pte Limited	Singapore	Dormant	100	16
Sanitaire NZ Pty Limited	New Zealand	Dormant	100	5
Sanitaire Pty Limited	Australia	Dormant	100	4
Supanarin Company Limited	Thailand	Facilities services	100	8
T.M. Facilities Services Limited *	Great Britain	Dormant	100	1
The New Century Cleaning Company Limited *	Great Britain	Dormant	100	1
The Space Aldgate Limited	Great Britain	Serviced offices	100	1
The Space Holborn Limited	Great Britain	Serviced offices	100	1
The Space Holdings London Limited	Great Britain	Serviced offices	100	1
The Space Liverpool Street Limited	Great Britain	Serviced offices	100	1
The Space Management London Limited	Great Britain	Serviced offices	100	1
The Space Mayfair Limited	Great Britain	Serviced offices	100	1
The Space Old Street Limited	Great Britain	Serviced offices	100	1
The Space Regent Street Limited	Great Britain	Serviced offices	100	1
The Space Shoreditch Limited	Great Britain	Serviced offices	100	1
Tilgate No.1 Limited *	Great Britain	Dormant	100	1

30. ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

JOINT VENTURES	COUNTRY OF INCORPORATION	ACTIVITY	PROPORTION OF ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
AAS Aviation & Airport Services GmbH	Germany	Facilities services	40	2
Cannon Pest Management (Bangladesh) Private Limited	Bangladesh	Facilities services	25	7
Euroliance Limited *	Great Britain	Facilities services	33	1
Foodhouse Catering Services Company Limited	Thailand	Facilities services	50	8
OCS Arabia LLC	Saudi Arabia	Facilities services	49	11
OCS Qatar LLC	Qatar	Facilities services	30	12
OCS United Service Emirates Limited	UAE	Facilities services	49	13
OCS FM Consulting Limited *	Great Britain	Facilities services	50	1
Property Care Services (Cambodia) Co., Limited	Cambodia	Facilities services	50	14
Property Care Services Bangladesh (Private) Limited	Bangladesh	Facilities services	50	7

REGISTERED OFFICE ADDRESS KEY

1. 4 Tilgate Forest Business Park, Brighton Road, Crawley, West Sussex, RH11 9BP
2. Paul-Robeson-Strasse 37, 10439 Berlin, Germany
3. Level 21, Suite 21.01 The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
4. Level 2, 12 Waterloo Rd, Macquarie Park NSW 2113
5. Suite 4, 26 Virginia Avenue, Eden Terrace, Auckland, 1021 NZ
6. 8A Jalan Vivekananda, Off Jalan Tun Sambathan, Brickfields, 50470 Kuala Lumpur, Malaysia
7. 134 New Easkaton Road, Dhaka 1000, Bangladesh
8. 234 Soi Sukhumvit, 101 (Punnavithi) Sukhumvit Road, Bangchak, Prakhanong District, Bangkok 10260
9. A 501, Fifth Floor, Thane One Corporate Business Park, Thane 400610
10. 65 Chulia Street, #38-02/03 OCBC Center, Singapore, 049513
11. Administration Building, Dreams Street, Industrial Valley A1, King Abdullah Economic City, Saudi Arabia
12. Room 501-503, B Wing Zone 26, Street 220, Handasa Plaza, B Ring Road, Doha, Qatar
13. 203 A&B Tessco Building, Zayed 2nd Street, Abu Dhabi, UAE
14. No 2A, Down Town Road 7, Sangkat Teok Thlah, Khan Russey Keo, Phnom Penh, Kingdom of Cambodia
15. 412A and 414A Jalan 5/132, Gasing Indah, 46000 Petaling Jaya, Selangor, Malaysia
16. 17 Phillip Street, 05-01 Grand Building, Singapore, 048695
17. Unit 38 Airways Industrial Estate, Dublin 17
18. Unit 12 Northlink Business Park, Mallow Road, Blackpool, Cork

31. CONTINGENT LIABILITIES

The Group has given guarantees in respect of bank facilities of certain subsidiary undertakings and joint ventures to a maximum of £23,559,000 (2019: £24,052,000) including guarantees given by the Company of £15,384,000 (2019: £15,617,000). In addition the Group has given unlimited guarantees in respect of lease and bank facilities of certain subsidiary undertakings and joint ventures and at 31 December 2020 the amount outstanding in respect of such facilities was £1,601,000 (2019: £1,722,000).

The Company has entered into unlimited multilateral cross company guarantees in connection with bank facilities of certain subsidiary undertakings. At 31 December 2020 the amount outstanding in respect of such facilities was £34,781,000 (2019: £34,924,000).

The Company has entered into unlimited guarantees in connection with work performed by certain of its subsidiary undertakings and has entered into performance bonds and guarantees in connection with work performed by certain of its subsidiary undertakings to the value of £540,000 (2019: £540,000).

The Company has issued irrevocable guarantees pursuant to Section 357 of the Irish Companies Act 2014 in respect of all liabilities for the financial year ended 31 December 2019 of O.C.S. Group (Ireland) Limited, Cannon Hygiene (Ireland) Limited, OCS One Complete Solution Limited, AHP Recycling Limited and OCS Management Services Limited.

The Directors consider it to be highly unlikely that any amounts will be payable under these guarantees.

32. RELATED PARTY TRANSACTIONS

The Company incurred operating lease rentals of £nil (2019: £40,000) in respect of properties leased from Goodliffe Properties Limited, a company with common shareholders to the Company. At 31 December 2020 £nil (2019: £nil) was owed to Goodliffe Properties Limited.

33. SUBSEQUENT EVENTS

Following the year end the Group completed the successful refinancing of its £70m revolving credit facility which is now fully committed to 30 April 2024.