Company Registration No. 04159077

LANDMARK LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2020

LANDMARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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LANDMARK LIMITED

COMPANY INFORMATION

DIRECTORS

E.W.J. Cowell
J.S. Farnworth

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M. Clark

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HSBC Bank plc

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
London

COMPANY REGISTRATION NUMBER

04159077

LANDMARK LIMITED

STRATEGIC REPORT

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

PRINCIPAL ACTIVITIES

The Group's principal activity continued to be that of a provider of professional flexible serviced offices, virtual offices, co-working space and meeting room facilities. This is delivered through the Group's Core Values of Proudly Professional, Genuinely Hospitable, Uncommonly Decent, Truly Responsible, and Embracing the Best.

BUSINESS REVIEW AND FUTURE PROSPECTS

Landmark Limited and its subsidiaries ('the Group') is one of the largest national UK providers of Grade A serviced office space, operating 47 buildings providing over 16,000 workstations of leasehold office accommodation. 36 of these buildings are in core London locations and 11 buildings are spread across eight major UK cities.

The Group opened one new site during the year in London. Four centres were closed in the year and a further two in the first half of 2021.

Key performance indicators

Paid occupancy at the Group's office centres at 31 December 2020 was 64%, down from 91% at the previous year end. Total licence fees and associated revenue for the year was £106.9m (2019: £120.4m), translating into an operating loss before exceptional items of £7.1m (2019: profit of £7.3m). The fall in revenue has been driven by the lower occupancy rates caused by COVID-19 with a consequential adverse impact on profitability due to the Group's operational gearing, partly mitigated by cost saving measures deployed in the year.

Further details of the results for the year are set out in the profit and loss account on page 14. The Group's adjusted EBITDA (note 6) was £5.0m (2019: £18.0m). Adjusted EBITDA and occupancy are key metrics on which the business measures itself both internally and against its peers in the industry.

Net exceptional costs of £30.5m (2019: £2.8m) were recorded in the year (note 5) mainly reflecting asset impairments and onerous lease provisions 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.

The cash flows of the Group are set out in the cash flow statement on page 19 and the financial position at the year end is set out in the balance sheet on page 15.

COVID-19 pandemic

Since Q1 2020 the COVID-19 pandemic has created an unprecedented period of disruption with significant impact on people's health and well-being, the global healthcare system, the global economy and the freedom of movement of people.

The Group entered the pandemic period in a solid operational and financial position. Although temporarily impacted by lower levels of new sales activity and ancillary revenues due to the lockdown periods, the Group's position in the serviced office market makes it ideally placed to take advantage of the continuing trend towards flexible working solutions and helping businesses adapt to a new future. The Group has moved swiftly to flex its business model and has drawn on government support where available and relevant. The Group's baseline financial projections to Q3 2022 and further scenario modelling (more fully discussed on pages 8 and 9) demonstrate that the Group will maintain strong levels of liquidity. Details of further scenario modelling are included in the consolidated accounts of the ultimate parent company O.C.S. Group Limited and its subsidiaries ('the OCS Group') and these demonstrate that the OCS Group will maintain strong levels of liquidity and remain within bank covenants.

The Group has overcome logistical challenges, invoking its business continuity plans during a time when conditions in the economy and the government's response is continuing to change rapidly. The Board has maintained or enhanced processes of control and governance where necessary while challenged to think, work and live differently. Based on the trends of reported healthcare data, including the UK's vaccination programme, the Board expects that the pandemic will subside and by 2023 the activities of the Group will return to a similar level to the pre COVID-19 period, in line with many economists' forecasts.

The Group is primarily focused during this period on the safety and well-being of its employees, many of whom have continued to work, adapting the business to fit changing requirements that result from the impact of the pandemic to ensure that clients can return safely to work and operate their own businesses. In addition, virtual tours have also been developed, to enable future clients to view selected space remotely.

STRATEGIC REPORT (continued)

Fundamentally during the pandemic and its recovery, the Board will at all times ensure that the Group holds fast to its purpose and continues to conduct business in line with its values. The Group will use its valued expertise and leverage its trusted reputation with its clients, whilst caring for and protecting the health and safety of employees. The pandemic has brought into sharp focus how companies will work in the future, with distributed workforces becoming a key way of working for businesses to reduce continuity risk. The Group is well placed to respond to an increased requirement for office flexibility, in terms of additional space to facilitate companies moving away from traditional leased space.

Whilst the effects of COVID-19 are likely to continue for some time to come, relaxations of lockdown are now being seen. Once confidence has fully returned and society normalises, the Board expects, as a result of the strength of the core business, increased recognition of the value of the flexibility that serviced offices provide and the changing nature of office space requirements, that the Group will emerge as a strong sustainable business.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board identifies and evaluates risks and the consequential uncertainties and designs controls to mitigate these. Responsibility for management of each risk is delegated to specific members of the Group's Executive Leadership Team and other Senior Executives.

The Group is reliant in part on the reputation of its brand

The Group operates under its Landmark brand. If an event occurred that materially damaged the reputation of the brand, this could have an adverse impact on the Group's future earnings and value. To mitigate this, the Group has policies and procedures to employ accordingly.

Technology and systems disruption may adversely affect the Group's efficiency

The Group is reliant upon technologies and systems for the running of its businesses, particularly those which are highly integrated within its business processes. During 2019 major projects that had gone live in June 2018 were enhanced to improve the Group's customer relationship management and financial systems and these have proved to be stable in 2020. Any disruption to the Group's technologies or systems could adversely affect the efficiency of the business. As a result, the business makes use of various parties to assist with systems management to mitigate against such situations.

Changes in the office market and reliance on key clients

The property market is currently experiencing changes in ways of working, increased flexibility of employment, differing models for office accommodation and adoption of technology benefits across workspaces. If the property market changes significantly and landlords offer variations to existing leases, such as materially shorter leases, more flexible lease terms, significant rent reductions, or providing significant rent-free periods to short term lessees, the Group's business may face additional competition than currently experienced. As a result, the Group maintains a flexible approach in its business dealings in order to retain and attract clients and has a high number of SMEs and smaller corporates as clients, thereby protecting the Group against a reliance on a small number of larger clients.

Brexit

The result of the Brexit referendum in June 2016 and the subsequent exit of the EU in January 2020 continues to be a significant short term domestic risk to the UK commercial market in which the Group operates. Nevertheless, Brexit uncertainty is producing important opportunities for the Group in terms of continued occupier demand for the pro-working office space provided by the Group. In some instances, there has been decreased availability of potential employees but to date this has not been problematic for the Group.

Financial risk management

The Group's financial instruments comprise cash and cash equivalents and items such as trade creditors and trade debtors which arise directly from its operations. The Group's operations expose it to a variety of financial risks, principally credit risk and liquidity risk; these risks and their method of management are summarised below.

The Group's credit risk is primarily attributable to its trade debtors. The Group has implemented policies that require appropriate credit checks on potential clients before sales are made. The amount of exposure to any individual client is protected by deposits received from clients prior to commencement of their financial dealings with the Group.

The Group monitors its levels of working capital to ensure that it can meet its operational payments as they fall due. The Group has quarterly rent obligations under the leases governing its leasehold properties, but it has no financial debt and does not hold derivative financial instruments. Amounts owed to the ultimate parent company are described in notes 16 and 29.

COVID-19 pandemic

As part of the control environment to manage the OCS Group through the COVID-19 pandemic and recovery phases, a dedicated Project Management Office ('PMO') was established to co-ordinate the OCS Group's response. The PMO connects directly with each territory on the execution of pandemic responses. The Company is prime in executing plans under a common framework. The role of the PMO is more fully described in the accounts of O.C.S. Group Limited and includes, but is not limited to, a review of the risks and opportunities arising from the pandemic.

This has allowed the Group to identify how best to act to mitigate commercial, operating and financial risks and initiate actions to maximise any opportunities arising. The Group's strategy has been reviewed for the resulting impact of actions taken, with a consideration of those areas most affected during 2020, and a re-validation of the strategy undertaken in early 2021. As demand is expected to rebound over time, it is not expected that a large-scale re-invention of the Group's value propositions is required.

Key risks to the Group identified as part of this process and mitigating actions are:

- 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.*** In response, discretionary capital and operating expenditures have been postponed or cancelled, government grant and tax deferral support schemes have been enacted where possible and appropriate and the already high level of focus on working capital management and bad debt control has been increased. As described in note 29, following the year end the OCS Group's main banking facility was successfully refinanced with funding now committed to 30 April 2024.
- employee related risks: ***including inability to adapt to new working conditions, availability and continuity of government support, incapacity of key employees and complying with regulatory and safety requirements.*** The Group's primary focus has understandably been to ensure employees' well-being in the work environment, ensuring employees stay safe in line with our established rigorous processes to manage safety. The Group is aiming to protect as many jobs and retain as many employees as possible, implementing government support schemes, such as furlough as appropriate through the pandemic period. Strong technology and processes have supported remote working.
- customer impacts: ***inability to engage with our customer base under appropriate commercial terms and the financial vulnerability of customers.*** The Group has reacted swiftly to satisfy changing client requirements and preferences, collaborating to determine solutions that are going to help existing and new clients return to work as quickly and safely as possible under our CLEAN start initiative.
- revenue levels: ***reduction in the short term and the impact of longer-term economic recession, offset to some degree by opportunities arising from increasing demand for flexibility of office space.*** Capacity to deliver services has not been substantially affected. Pipeline opportunities and new sales are now increasing as the lockdown restrictions ease and corporate sentiment reflects a partial move away from exclusive use of conventional long lease office space to a combination of flexible and conventional office space. The Group is delivering on pre-return services and employing technology to alleviate health and safety concerns, such as thermal imaging cameras, whilst continuing to maintain workplaces and ensure they are hygienic and safe.
- cyber crime: ***increased threat of cyber security breach or fraud.*** In response, the Group has increased prevention and early detection controls particularly in anomaly detection, and will continue to adapt to the challenges faced, seeking to avoid business disruption, increase awareness and communicate guidance to minimise risks and to protect data against breaches.

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 the Directors' Report on pages 8 and 9.

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

E.W.J. Cowell
Director
28 June 2021

LANDMARK 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 4 contains a fair review of the Group's business, including future prospects, and a description of the principal risks and uncertainties facing the Group.

DIRECTORS

The Directors who served throughout the year and up to the date of this report were as follows:

E.W.J. Cowell	(Appointed 7 August 2020)
J. R. Spencer	(Resigned 7 August 2020)
J.S. Farnworth	
J. Hunter	(Resigned 16 November 2020)
M.A.M. Jiwaji	(Appointed 7 August 2020, Resigned 9 November 2020)

CORPORATE GOVERNANCE

The Company is a wholly owned subsidiary of O.C.S. Group Limited ("OCS") and the board of OCS has adopted the Wates Corporate Governance Principles for Large Private Companies, following the introduction of The Companies (Miscellaneous Reporting) Regulations 2018 ("the Regulations"). Under the Regulations it is necessary for large companies as defined under the Regulations to publish a statement of their corporate governance arrangements in their directors' report and on their website, including whether they follow a formal code, for accounting periods commencing on or after 1 January 2019. Also, under the Regulations there is a requirement to set out how a board has taken account of stakeholder views and met the requirements of s172 of the Companies Act 2016. Within the directors' report of OCS which can be found at www.ocs.com OCS has set out its corporate governance arrangements and how they have met the requirements s172 of the Companies Act 2006 and this report below serves as the Company's Section 172 statement. 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, customers 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.

Shareholders

As the Company is part of OCS Group the Board and the Senior Leadership Team of the Company work closely with the Executive Directors of OCS Group to develop the strategy of the Group which is to be a leading professional workspace provider in the UK and to operate in line with the OCS Group Shared Purpose which can be 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.

The Board supports the above principles and operates in line with the corporate governance arrangements which OCS have adopted under a scheme of delegated authority. The CEO and CFO submit and present a monthly operating report to OCS Group highlighting both financial and non-financial matters which ensures an open and transparent dialogue.

DIRECTORS' REPORT (continued)

Core Values

As part of the development of Landmark we engaged with several customers and other stakeholders in various sectors and markets to understand their views on what was important to them and how they expected us to operate. Through this consultation process we developed our Core Values and these have been adopted in the way we operate each day and are expressed as follows:

Proudly Professional

What does it say about our business if everyone looks and acts smart and proud? It shows you have the highest respect for your colleagues and clients.

So whatever your role, you'll enjoy looking and being ultra-professional. You'll show warmth and politeness, without leaving your personality outside. And while you're a stickler for high standards, you like to do everything with humour and a smile.

Genuinely Hospitable

Property businesses are about bricks and mortar. We're not. We're all about people, so you'll have an absolute passion for creating outstanding customer experiences.

You'll picture yourself as a warm, welcoming host; who makes colleagues and clients feel that they belong and are part of the family. You'll get to know them and resolve any niggles quickly and without fuss. You'll always have time for them, and do something unexpected or special that delights.

Uncommonly Decent

It's not just what we do, but how we go about it that makes us who we are. We'll take it as a given that you'll be honest in all your dealings with colleagues and customers, but you'll also have a strong moral compass: you know what's right and wrong, and you're not afraid to say so.

While you're not averse to speaking your mind, you'll actively listen to what other people have to say, and respect their right to say it. You live by the maxim 'do as you would be done by' and trust others to feel the same.

Truly Responsible

We need leaders at all levels of the business, people who can take ownership of issues and not expect others to pick up the pieces.

You won't blame others when things go wrong, as they will from time to time. You won't dwell on what has happened. You'll focus on finding a solution. You'll front up to making mistakes, and you'll be positive, proactive and collaborative in looking for opportunities.

Embracing the Best

The only constant in our world is change, so we'll only succeed if we wholeheartedly embrace it. That means taking the best the modern world can offer - whether it's buildings, fit-out, people or working practices - and continuously improving it.

You'll always be thinking about fresh ideas and never say: 'we've always done it this way'. You're thrilled by the idea of change and embrace the opportunity to learn, to grow and to experiment. You'll have the occasional failure, but your determination to pick yourself up and try again is an inspiration.

Employees

The success of the Group is dependent upon our colleagues living, and delivering on, our core values day in and day out but their safety and that of others is paramount in everything we do. We operate on the principle that every colleague, client and visitor 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 embraces 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 and safety incidents promptly including 'near misses', monitoring, reviewing and reporting our health and safety performance accurately and thereby continually improving our health and safety procedures.

The wellbeing of our colleagues is important: our colleague assistance programme provides a 24/7 helpline available to all colleagues, providing support and advice for personal problems, helping to identify and resolve personal concerns that may affect job performance. The service is entirely confidential and helps us to retain a happier, healthier workforce. Our benefits platform, Perkbox, allows colleagues to access discounts on gym membership, as well as accessing free online workouts or healthy eating programmes to support their wellbeing.

At the beginning of each year, we usually hold a conference for our colleagues to celebrate achievements, clearly communicate the Company strategy and reinforce our Core Values (albeit due to COVID-19 in 2020, this was not possible). 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, a buddy scheme, e-learning modules, on the job chats and employee surveys along different points of the employee journey (e.g. at onboarding, exit and regularly through our weekly pulse survey). This continues with regular communication through the Company intranet which allows two-way feedback, regular management business updates and meetings. Employee voice is also facilitated via our Colleague Forum, whose representatives seek feedback from the wider workforce and feed back to the management team to resolve any areas of concern.

DIRECTORS' REPORT (continued)

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. Our colleagues share in the success of the business through an annual profit performance bonus scheme.

We are a proud supporter of Apprenticeship Programmes provided by LDN Apprenticeships and have taken on a number of apprentices in our IT team who have been trained and mentored by more senior members of the IT team.

The Group offers equal opportunities to all employees and applicants regardless of race, sex, pregnancy and maternity, sexual orientation, gender reassignment, age or disability. People with disabilities are considered for employment where they have the appropriate skills and abilities to perform the job required. Employees who become affected by a disability during their working life with the Group are retained in employment wherever possible and are given help with any necessary rehabilitation, reasonable adjustment and retraining.

Customers

We serve a range of clients, from fast-growing companies to established SMEs and we represent our clients' businesses, so our standards of service must be exceptional every time. During the year we 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 customer experience and **Landmark scored an overall 82.9%** - well above the service sector and UK averages of 76.6% and 77.1% respectively.

Helpfulness of staff scored 9.0 out of 10 and Competence of Staff scored 8.9 out of 10. Ease of doing business with Landmark scored 8.7 out of 10.

Landmark scores well above the UK Customer Service Index on the customer priorities of Experience, Customer Ethos, Emotional Connection and Ethics.

Our teams continued to be trained to a nationally-recognised standard with Institute of Customer Service 'First Impressions' customer service training. We hold networking events for our clients at our business centres which assist in fostering good relationships and understanding how we can continuously improve our customer experience. We engage with our clients and their guests on a daily basis and this allows us the opportunity to understand their needs and how we can help their businesses succeed and feel supported.

Landlords

We operate from 47 centres and have relationships with over 40 landlords and 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. Our dealings are both direct and through managing agents where we meet as appropriate to discuss any relevant issues under the terms of the leases. Under the terms of our leases we are required to pay service charges which represent a significant cost to the Group. The Group has no direct contractual relationship with the various suppliers of the services, but the Group works with the landlords and managing agents to ensure that the services meet the standards required by the Group and represent value. The COVID-19 pandemic has had a material commercial impact on the business and we have been working with our landlords to assist us during this time.

Suppliers

We actively engage with our suppliers and have open conversations about how 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 the IT infrastructure or the coffee machines we deploy at our centres, the relationship with our suppliers is key to our ability to provide services to our clients. This is particularly relevant when working with design teams and fit-out contractors to ensure the working environments we create meet the needs of our clients. It is therefore necessary that we require a high performing, sustainable supply chain that operates to a consistent set of operating standards. We require our suppliers to adhere to our Core Values and follow our various policies including Healthy and Safety, Modern Slavery and Bribery. This process builds on the strong preferred supplier contractual arrangements we have built up over many years which fosters an effective relationship. We recognise the importance of payment terms with our suppliers, and work to agree terms at the commencement of the trading relationship.

Funders

The Group participates in the OCS Group banking arrangements and has entered into unlimited multilateral cross company guarantees in respect of borrowings by certain companies in the OCS Group. The Board believes this participation will help promote the success of the Group for the benefit of its members as a whole and will allow the Group to have access to working capital as the needs arise.

Business Conduct

As stated above the Group operates in line with the corporate governance arrangements of OCS Group which are detailed in a Code of Conduct which is issued to all colleagues to help guide them 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 eLearning 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 are undertaken by the Board and reviewed by the Audit and Risk Assurance Committee of OCS Group as part of their oversight in ensuring high standards of business conduct are operated throughout the OCS Group.

Regulator

Our business is subject to the Money Laundering Regulations and the Group is supervised by HM Revenue and Customs ("HMRC") under registration number 12808232. The Group pro-actively undertakes training of colleagues in understanding their responsibilities under the Money Laundering Regulations and ensures that the system and processes are in place to ensure compliance.

The Community and the Environment

The Group proactively promotes participation in volunteer activities within the communities the business operates 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.

Our business is managing its energy consumption and associated costs through the adoption of robust energy management strategies. These include periodically upgrading plant and equipment to improve its reliability and overall efficiency. Many more of our centres are now fitted with highly efficient LED lighting with automatic presence detection. We ensure best value is obtained on all our utility energy contracts and monitor our consumption and costs every month against specific energy benchmarks. We continue to conduct energy audits and have been able to reduce consumption and identify potential energy saving opportunities. We continue to look at ways to improve our energy performance, however, during this financial year, it has been difficult to measure some performances due to the COVID-19 pandemic. This is due to the reduction of office utilisation during government restrictions. Once restrictions are lifted we will be able to capture improved measures of performance again. Finally, we are continually working in partnership with our landlords, staff and clients to raise awareness on the mutual benefits of better energy efficiency and a lower carbon footprint.

We continually review the energy performance of our centres so that we can minimise our carbon emissions and manage our energy better. In late 2019 we undertook detailed energy audits and identified potential saving opportunities of some £80,000 or 700,000kWh per annum (circa 2.5%). We began reviewing and implementing these where practical in early 2020. The opportunities included upgrading more efficient lighting and controls, implementing behaviour change training programmes and reviewing HVAC plant settings. However, the Covid-19 pandemic and government restrictions necessitated various health and safety alterations to the ventilation and air-conditioning systems, which in turn obfuscated the anticipated savings as an increase in energy was now required to run the systems. Once the impact of the pandemic has lessened, we will be able to better verify the energy and carbon savings made.

GOING CONCERN

The Group entered 2020 structurally sound, trading profitably with a diverse client base and in a position of financial strength. The adverse impact of the COVID-19 pandemic resulted in the Group reporting a loss after tax in 2020 of £35.7m (2019: profit of £2.2m) after net exceptional costs of £30.5m (2019: £2.8m) mainly reflecting asset impairments and onerous lease provisions 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. The Group generated an adjusted EBITDA return in 2020 of £5.0m (2019: £18.0m) and at 31 December 2020 the Group had cash balances of £42.5m (2019: £15.8m). The speed of our reaction to the COVID-19 pandemic and our adaptation to date has meant we continue to hold our own as a stable business and believe the outlook for the Group is positive. The Company is a guarantor of the OCS Group's £70m revolving credit facility which is fully committed to 30 April 2024.

The pandemic will adversely impact our EBITDA for some time but, based on the long term committed funding from O.C.S. Group Limited to Q3 2022, we continue to project liquidity headroom in our baseline forecasts for that period.

To be able to conclude that it is appropriate to prepare the financial statements on the going concern basis, the Directors have performed a detailed analysis of the expected impacts of the pandemic on the Group, including baseline projections and scenario modelling. OCS Group management have carried out scenario modelling from the OCS Group's baseline to stress test the robustness of the OCS Group projections against the OCS 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 process and subsequent two year plan period have therefore been subject to considerable internal review and scrutiny at country, regional and OCS Group Board level to assess reasonableness. Reference has been made to global and country level economic projections when establishing the baseline.

Baseline projections

Reference has been made to latest general economic projections and sector sentiment when establishing the Group's baseline forecast. The speed of the Company's recovery is informed by recent levels of new sales and workstation rates, the particular characteristics of each site and client retention rates modelled to incorporate the specificities of the client base.

Revenue in Q1 2021 has followed budget expectations and is 18% below Q4 2020. Revenue is expected to be at its low point in Q2 2021, 10% lower than the previous quarter and then subsequent forecast growth gives Q3 2022 revenue 30% above Q1 2021. Our revenue projection in the baseline model reflects site-based differences and the selective exit of underperforming locations.

Direct operating costs have been modelled in line with the revenue assumptions, with employee and supplier related costs flexed where possible to reflect their alignment with activity levels and including the benefit of government support measures. There is a pronounced impact in the downturn period, as our other direct property costs are relatively fixed in nature, but we have demonstrated the ability to achieve some level of cost mitigation and are reviewing further opportunities.

DIRECTORS' REPORT (continued)

The level of overheads included in the base case is in line with identified and implemented cost saving measures such as reductions to discretionary spend. The benefit of government support measures as applicable to overhead staff costs has also been reflected.

Reflective of the downturn, discretionary capital expenditure has been partly cancelled or delayed whilst retaining site-specific spend to support the revenue base. Other cash flow impacts arising from decisions made directly as a result of the pandemic are discussed in the financial resilience section of the Group's risk assessment in the Strategic Report on page 4. In addition, following the year end O.C.S. Group Limited has provided long term committed cash funding as described in note 29.

The Group's baseline projections show the Group's committed funding facilities to Q3 2022 provide liquidity headroom throughout the period and the OCS Group's baseline projections show substantial liquidity headroom and demonstrate compliance with banking covenants.

Scenario modelling

The main downside scenario to the baseline forecast is a model using a 10% reduction to the pricing of new workstation sales. Under this scenario, there is a peak additional funding requirement of £3m in the forecast period to Q3 2022, which management would expect to be able to address through cost saving measures and rescheduling of rent payments.

As described in the accounts of O.C.S. Group Limited, scenario modelling at a Group level demonstrates liquidity headroom and compliance with banking covenants throughout the forecast period.

It is inevitable that there is a level of uncertainty associated with the Group's forecasting assumptions. Whilst actual outcomes could be better or worse than forecast, and reverse stress testing has been considered at an OCS Group level in this assessment, from a going concern perspective management have considered the further actions that could be taken to mitigate a more extreme downturn in performance. Given the liquidity position throughout the forecast period and the mitigating actions available, 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 in the forecast period.

Going concern conclusion

The Group provides flexible serviced office solutions in an environment where many businesses will be considering the need to flex their office arrangements. Whilst forecasting is by its nature uncertain, the Group has liquidity headroom under the baseline scenario modelled and has options available to it to mitigate downside risks. The Directors therefore have a reasonable expectation that the Group is in a position to meet its obligations as and when they fall due. Based on this forecast, the Directors have concluded that the financial statements can be prepared on the going concern basis.

DIVIDENDS

Dividends of £0.4m were paid in the year (2019: £1.8m). The Directors do not recommend the payment of a final dividend (2019: £nil).

SUBSEQUENT EVENTS

There have been no subsequent events other than the receipt of long term committed funding from O.C.S. Group Limited, the rescheduling of loan repayments due to O.C.S. Group Limited and the successful refinancing of the Group's £70m revolving credit facility which is now committed to 30 April 2024 as described in note 29.

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.

DIRECTORS' INDEMNITIES AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

In accordance with the Company's Articles of Association, an indemnity is provided by the Company to the Directors to the extent permitted by law in respect of liabilities incurred from their office as Directors.

INDEPENDENT AUDITOR

Each of the current Directors confirms that as far as he is aware, there is no relevant audit information of which the auditor is unaware; and he has taken all the steps that he ought to have taken as a Director to make himself 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.

E.W.J. Cowell
Director
28 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANDMARK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Landmark 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, including 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 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 29.

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.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our 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 about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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, 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.

We discussed among the audit engagement team, including relevant internal specialists such as tax 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 it are described below:

- impairment of assets related to leaseholds and completeness of onerous lease provisions: 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.

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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDMARK LIMITED (continued)

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 period 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
28 June 2021

LANDMARK LIMITED

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

	NOTE	2020 £'000	2019 £'000
TURNOVER	3	**106,912**	120,392
Cost of sales		**(102,333)**	(104,089)
Government grant income	9	**698**	-
GROSS PROFIT		**5,277**	16,303
Administrative expenses		**(12,655)**	(8,966)
Government grant income	9	**270**	-
OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS		**(7,108)**	7,337
Exceptional items	5	**(30,499)**	(2,751)
OPERATING (LOSS)/PROFIT		**(37,607)**	4,586
Net finance (expense)/income	4	**(358)**	158
(LOSS)/PROFIT BEFORE TAXATION	5	**(37,965)**	4,744
Tax on (loss)/profit	8	**2,224**	(2,533)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(35,741)**	2,211

All activities derive materially from continuing operations.

There are no items of other comprehensive income for the current and preceding financial year other than as stated above. Consequently, a Statement of Other Comprehensive Income has not been presented.

LANDMARK LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	NOTE	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	12	**9,777**	18,852
Tangible assets	13	**37,980**	54,570
		47,757	73,422
CURRENT ASSETS			
Debtors: amounts falling due within one year	14	**12,180**	29,286
Debtors: amounts falling due after more than one year	14	**5,894**	3,186
Cash at bank and in hand		**42,481**	15,810
		60,555	48,282
TOTAL ASSETS		**108,312**	121,704
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	**(69,610)**	(57,439)
NON-CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	16	**(48,857)**	(45,502)
Provisions for liabilities	18	**(13,784)**	(6,632)
		(62,641)	(52,134)
TOTAL LIABILITIES		**(132,251)**	(109,573)
CAPITAL AND RESERVES			
Called up share capital	20	**(30,044)**	(30,044)
Share premium account	21	**(2,244)**	(2,244)
Merger reserve	21	**24,407**	24,407
Profit and loss account	21	**31,820**	(4,250)
		23,939	(12,131)
TOTAL LIABILITIES, CAPITAL AND RESERVES		**(108,312)**	(121,704)

These financial statements were approved by the Board of Directors and authorised for issue on 28 June 2021.

Signed on behalf of the Board of Directors

E.W.J. Cowell
Director

J.S. Farnworth
Director

Company Registration No. 04159077

LANDMARK LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	NOTE	2020 £'000	2019 £'000
FIXED ASSETS			
Investments	25	**45,678**	48,942
CURRENT ASSETS			
Debtors	14	**-**	1,624
TOTAL ASSETS		**45,678**	**50,566**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	**(6,268)**	(3,547)
NON-CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	16	**(10,361)**	(8,000)
Provisions for liabilities	18	**-**	(5,950)
		(10,361)	(13,950)
TOTAL LIABILITIES		**(16,629)**	(17,497)
CAPITAL AND RESERVES			
Called up share capital	20	**(30,044)**	(30,044)
Share premium account	21	**(2,244)**	(2,244)
Profit and loss account	21	**3,239**	(781)
		(29,049)	(33,069)
TOTAL LIABILITIES, CAPITAL AND RESERVES		**(45,678)**	(50,566)

The Company's loss for the financial year was £3,570,000 (2019: profit of £1,524,000).

These financial statements were approved by the Board of Directors and authorised for issue on 28 June 2021.

Signed on behalf of the Board of Directors

E.W.J. Cowell
Director

J.S. Farnworth
Director

Company Registration No. 04159077

LANDMARK LIMITED

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

	CALLED UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	MERGER RESERVE	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000	£'000
At 31 December 2018	30,044	2,244	(24,407)	3,839	11,720
Profit for the financial year	-	-	-	2,211	2,211
Dividends paid on equity shares	-	-	-	(1,800)	(1,800)
At 31 December 2019	30,044	2,244	(24,407)	4,250	12,131
Loss for the financial year	-	-	-	(35,741)	(35,741)
Dividends paid on equity shares	-	-	-	(450)	(450)
Capital contribution	-	-	-	121	121
At 31 December 2020	**30,044**	**2,244**	**(24,407)**	**(31,820)**	**(23,939)**

Capital contributions relate to the Group's equity settled share-based payment transactions.

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

	CALLED UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
At 31 December 2018	30,044	2,244	1,057	33,345
Profit for the financial year	-	-	1,524	1,524
Dividends paid on equity shares	-	-	(1,800)	(1,800)
At 31 December 2019	30,044	2,244	781	33,069
Loss for the financial year	-	-	(3,570)	(3,570)
Dividends paid on equity shares	-	-	(450)	(450)
At 31 December 2020	**30,044**	**2,244**	**(3,239)**	**29,049**

LANDMARK LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 £'000	2019 £'000
Cash flows from operating activities	22(A)	**32,570**	18,920
Cash flows from investing activities	22(B)	**(3,449)**	(16,519)
Cash flows from financing activities	22(C)	**(2,450)**	(1,800)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**26,671**	601
Cash and cash equivalents at beginning of year		**15,810**	15,209
CASH AND CASH EQUIVALENTS AT END OF YEAR		**42,481**	15,810

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and prior year.

PRINCIPAL ACTIVITIES AND REGISTERED OFFICE

The Company is incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given on page 1. The Company is a private company limited by shares. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The results presented are for the year ended 31 December 2020. The comparative results are for the year ended 31 December 2019. The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The Group's functional currency and reporting currency is Pounds Sterling, the currency of the economic environment in which the Group operates.

Landmark Limited meets the definition of a qualifying entity under FRS102 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 financial instruments, presentation of a cash flow statement, related party disclosures and remuneration of key management personnel.

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 10. Principal risks and the impact of the COVID-19 pandemic are summarised on pages 3 and 4.

The Group meets its day to day working capital requirements through working capital facilities and longer term bank debt which are managed by the OCS Group's centralised treasury function. The OCS Group's main bank facility of £70m is fully committed to 30 April 2024. The Directors have obtained long term committed funding facilities from the Company's ultimate parent company and rescheduled loan repayments due to O.C.S. Group Limited as described in note 29.

The Group's forecasts to 30 September 2022, more fully described in the Directors' Report on pages 8 and 9, show that the Group will be able to operate within the level of its current facilities 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 Group has 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.

BASIS OF CONSOLIDATION

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

The results of subsidiaries acquired or sold are consolidated for the period from or to the date on which control passed.

With the exception of Landmark Space Limited, where the principles of merger accounting have been applied, the consolidated financial statements incorporate the results of business combinations using the purchase method. Under the purchase method, the results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes. In accordance with the transitional exemption in FRS 102, the Group chose not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2014.

The Company acquired Landmark Space Limited on 31 January 2018 which was previously owned by O.C.S. Group Limited and the transfer of equity was a transfer under common control. The Directors chose to apply the principles of merger accounting, as a result of this the difference between the cost of investment of Landmark Space Limited and the nominal value of the share capital acquired has been included in the merger reserve.

1. ACCOUNTING POLICIES (CONTINUED)

TURNOVER

Turnover 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 is recorded at the fair value of the consideration due. 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 a customer in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

PENSIONS

The Group operates a defined contribution plan for its employees under which it pays annual contributions and the pension cost is charged to the profit and loss account in line with contributions payable. The assets of the plan are held separately from the Group in independently administered funds.

CURRENT AND DEFERRED TAXATION

Current 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 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.

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 is included on the balance sheet and amortised within administrative expenses in equal annual instalments over its expected useful economic life of 3 - 10 years. Provision is made for any impairment.

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 - 5 years.

1. ACCOUNTING POLICIES (continued)

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Leasehold property includes capitalised lease costs incurred during the vacant fit out period. 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:

Short term leasehold property	over the term of the lease
Plant, machinery, fixtures and fittings	3 - 15 years

Artwork in the Group's properties are held at historical cost less impairment. An assessment is performed at each reporting date of the residual value of artwork at conclusion of its unexpired economic life and any impairment is charged to the Profit and Loss Account in the period it occurs.

IMPAIRMENT OF ASSETS

Assets 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 value 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 recoverable amount 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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

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.

OPERATING LEASES

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 Company has the option to continue to lease the asset when at the inception of the lease it is reasonably certain that the Company will exercise the option.

Contingent rentals include rent increases based on future inflation indices or non-guaranteed rental payments based on centre turnover or profitability and are excluded from the calculation of minimum lease payments. Contingent rentals are recognised in the profit and loss account as they are incurred.

SHARE-BASED PAYMENTS

Certain employees of the Group have been issued with equity settled share options, issued by the Company's parent company, O.C.S. Group Limited. Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity 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.

FOREIGN CURRENCY TRANSLATION

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.

PROVISIONS

Provisions for liabilities, including contingent consideration on acquisitions 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 deferred tax, amounts are discounted to present value when the time value of money is material.

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.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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

Deferred tax assets

The recoverability of the Group's net deferred tax assets of £5,712,000 (2019: £2,988,000), which relate to timing differences, is dependent on sufficient future taxable profits. Based on the Group's current forecasts, the Directors are satisfied that it is probable that there will be suitable taxable profits which can be deducted from recognised tax losses and therefore that the future reversal of the underlying timing differences will be achieved.

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

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of fixed assets and provisions for onerous leases

Determining whether fixed assets are impaired and whether property leases are onerous requires an estimation of the fair value less costs to sell and the value in use of the relevant cash generating units, being the individual buildings. 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 the Group's tangible fixed assets at 31 December 2020 was £37,980,000 (2019: £54,570,000) after an impairment cost of £9,576,000 (2019: £nil) was recognised in the year. The provision for onerous leases at 31 December 2020 was £13,094,000 (2019: £118,000). The key sensitivities underlying the future cash flows in the impairment of fixed assets and provisions for onerous leases calculations are the medium and long term sales growth rates that can be achieved in each of the cash generating units, being the individual buildings. The sales growth rates are a function of the occupancy rates and workstation rates. The lowest headroom was in respect of fixed assets of £3,003,000 in a cash generating unit where calculations allow for forecast occupancy rates to fall by 0.3% or forecast workstation rates to fall by 0.1% before an impairment provision would be needed.

The carrying value of the Group's goodwill at 31 December 2020 was £7,360,000 (2019: £15,840,000) after an impairment cost of £6,549,000 (2019: £nil) was recognised in the year. 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 £1,955,000 would be required.

3. TURNOVER

Turnover derives from one activity, being the provision of pro-working offices, flexible office accommodation, virtual offices, co-working space and meeting room facilities, in the United Kingdom.

4. NET FINANCE (EXPENSE)/INCOME

	2020	2019
	£'000	£'000
Interest payable to ultimate parent company	(388)	(192)
Interest receivable from ultimate parent company	30	350
	(358)	158

5. (LOSS)/PROFIT BEFORE TAXATION

	2020	2019
	£'000	£'000
(Loss)/profit before taxation is after charging/(crediting):		
Exceptional goodwill impairment	6,549	-
Exceptional (profit)/loss on sale of subsidiary undertakings	(163)	2,751
Exceptional onerous lease provisions	13,095	-
Exceptional asset impairment	9,576	-
Exceptional restructuring costs	813	-
Exceptional bad debts	629	-
Exceptional items	30,499	2,751
Depreciation of tangible fixed assets	9,233	9,037
Amortisation of goodwill	1,936	1;518
Amortisation of software	901	563
Auditor's remuneration - audit of the Company's annual accounts	10	10
Auditor's remuneration - audit of the Company's subsidiary undertakings	115	93
Rentals under land and building operating leases	44,090	45,601
Movement on provisions (excluding exceptional items)	24	-

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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

6. ADJUSTED EBITDA

	2020	2019
	£'000	£'000
The adjusted EBITDA of the Group is calculated as follows:		
Operating (loss)/profit before exceptional items	**(7,108)**	7,337
Add depreciation of tangible fixed assets	**9,233**	9,037
Add amortisation of intangible fixed assets	**2,837**	2,081
Movement in provisions and impairment	**24**	(483)
	4,986	17,972

Adjusted EBITDA excludes exceptional items and property provisions to better reflect the trading position. Furthermore, adjusted EBITDA is a key metric in measuring the operation of the business.

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2020	2019
	£'000	£'000
Emoluments	**652**	618
Benefits in kind	**-**	7
Pension contributions	**21**	14
Directors' remuneration	**673**	639

The highest paid Director received total emoluments of £413,000 (2019: £455,000).

Other Directors' remuneration in the current and prior year was borne by companies in the O.C.S. Group Limited group.

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

	GROUP	
	2020	2019
	No.	No.
The average number of employees including Directors was:		
Operations	**139**	149
Sales and administration	**77**	84
	216	233

	GROUP	
	2020	2019
	£'000	£'000
Staff costs, including Directors, incurred in respect of these employees were:		
Wages and salaries	**8,269**	9,383
Social security costs	**928**	911
Other pension costs	**316**	318
	9,513	10,612

The Company had no employees (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TAX ON (LOSS)/PROFIT

	2020	2019
	£'000	£'000
Current tax		
Group relief payable	297	2,538
Adjustment in respect of prior years	203	6
	500	2,544
Deferred tax		
Origination and reversal of timing differences	(2,524)	(229)
Change in UK deferred tax rate	(330)	-
Adjustment to prior years' tax provisions	130	218
	(2,724)	(11)
Total tax on (loss)/profit	(2,224)	2,533

Reconciliation of total tax (credit)/charge:

	2020	2019
(Loss)/profit before tax	(37,965)	4,744
Tax on (loss)/profit at standard UK corporation tax rate of 19% (2019: 19%)	(7,213)	901
Factors affecting (credit)/charge for the year:		
- expenses not deductible for tax purposes	1,698	685
- deductions allowed for tax purposes	(118)	(133)
- depreciation and amortisation not allowable for taxation purposes	1,041	658
- change in UK deferred tax rate	(330)	-
- other timing differences	-	198
- adjustments in respect of prior years	333	224
- unutilised losses carried forward	2,365	-
Total tax (credit)/charge for the year	(2,224)	2,533

9. GOVERNMENT GRANTS AND OTHER SUPPORT MEASURES
During the year grants and other support measures were provided by the UK government in response to the COVID-19 pandemic. The Company received £968,000 of government grants to support the employment of the Company's employees. These grants have been shown as income, with £698,000 included in gross profit to align this grant income to the related wages cost. 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 £3,343,000 of deferred UK VAT payments and £27,800,000 of deferred UK commercial rent payments. Deferred VAT is fully payable by 31 January 2022 and tenant protection in respect of deferred rent payments continues until 30 September 2021 under the latest government moratorium.

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 is not presented as part of these financial statements. The Company's loss for the financial year was £3,570,000 (2019: profit of £1,524,000).

11. DIVIDENDS

	2020	2019
	£'000	£'000
Dividends paid	450	1,800

Dividends per ordinary share totalled 1.5p (2019: 6.0p).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

12. INTANGIBLE FIXED ASSETS

	GROUP		
	GOODWILL £'000	SOFTWARE £'000	TOTAL £'000
Cost			
At 1 January 2020	20,245	3,709	23,954
Additions	5	306	311
At 31 December 2020	**20,250**	**4,015**	**24,265**
Amortisation			
At 1 January 2020	4,405	697	5,102
Charge for the year	1,936	901	2,837
Impairment	6,549	-	6,549
At 31 December 2020	**12,890**	**1,598**	**14,488**
Net book value			
At 31 December 2020	**7,360**	**2,417**	**9,777**
At 31 December 2019	15,840	3,012	18,852

13. TANGIBLE FIXED ASSETS

	GROUP			
	SHORT TERM LEASEHOLD PROPERTIES £'000	PLANT, MACHINERY, FIXTURES AND FITTINGS £'000	ARTWORK £'000	TOTAL £'000
Cost				
At 1 January 2020	65,066	24,157	515	89,738
Additions	1,518	1,030	-	2,548
Disposals	(1,762)	(705)	-	(2,467)
At 31 December 2020	**64,822**	**24,482**	**515**	**89,819**
Depreciation				
At 1 January 2020	22,090	13,078	-	35,168
Charge for the year	6,863	2,370	-	9,233
Impairment	9,576	-	-	9,576
Disposals	(1,601)	(537)	-	(2,138)
At 31 December 2020	**36,928**	**14,911**	-	**51,839**
Net book value				
At 31 December 2020	**27,894**	**9,571**	**515**	**37,980**
At 31 December 2019	42,976	11,079	515	54,570

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

14. DEBTORS

	GROUP		COMPANY	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	6,183	9,602	-	-
Amounts owed by subsidiary undertakings	-	-	-	1,624
Other debtors	3,160	2,968	-	-
Prepayments and accrued income	2,837	16,716	-	-
	12,180	29,286	-	1,624
Net trade debtors				
Trade debtors	6,183	9,602	-	-
Less deferred income - licence fees in advance	(5,453)	(8,837)	-	-
	730	765	-	-
Amounts falling due after more than one year:				
Deferred tax (see note 17)	5,894	3,186	-	-

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Client deposits	13,962	20,052	-	-
Licence fees invoiced in advance	5,453	8,837	-	-
Trade creditors	23,969	7,734	-	-
Amount owed to ultimate parent company	13,774	8,728	4,372	2,731
Amount owed to fellow subidiary undertakings	-	-	1,078	-
Taxation and social security	755	783	-	-
Unamortised lease incentives	2,613	4,591	-	-
Deferred consideration	753	753	753	753
Other creditors	398	299	-	-
Accruals	7,933	5,662	65	63
	69,610	57,439	6,268	3,547

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

	GROUP		COMPANY	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Unamortised lease incentives	38,496	37,502	-	-
Amounts owed to ultimate parent company	10,000	8,000	10,000	8,000
Landlord deposits	361	-	361	-
	48,857	45,502	10,361	8,000

At the year end the amount owed to ultimate parent company of £10,000,000 (2019: £8,000,000) was repayable by instalments falling due between one and five years. In addition, £10,021,000 (2019: £2,000,000) for the Group and £2,000,000 (2019: £2,000,000) for the Company is included within creditors falling due within one year. The amounts are unsecured and interest was payable at a fixed rate of 2.50% per annum. See note 29 for subsequent changes to these loan arrangements.

17. DEFERRED TAX

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

	GROUP	
	2020	2019
	£'000	£'000
Depreciation in excess of capital allowances	5,703	2,986
Other temporary differences	9	2
	5,712	2,988

The net deferred tax asset shown above comprises deferred tax assets of £5,894,000 (2019: £3,186,000) and deferred tax provisions of £182,000 (2019: £198,000).

During 2021 the net reversal of deferred tax assets and liabilities is expected to increase the Group corporation tax charge for the year by £nil (2019: £105,000). This is due to the reversal of timing differences.

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 net deferred tax asset by £330,000 (see note 8).

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% and the Group's net deferred tax asset would have increased by £1,499,000.

18. PROVISIONS FOR LIABILITIES

	GROUP				COMPANY
	DEFERRED TAX	DEFERRED CONSIDERATION	OTHER PROVISIONS	TOTAL	DEFERRED CONSIDERATION
	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	198	5,950	484	6,632	5,950
Utilised in the year	(16)	(5,593)	(118)	(5,727)	(5,593)
Released unused	-	-	(53)	(53)	-
Charged to profit and loss account	-	-	13,289	13,289	-
Transferred to creditors	-	(357)	-	(357)	(357)
At 31 December 2020	**182**	**-**	**13,602**	**13,784**	**-**

Deferred tax provision relates to timing differences that have originated but not reversed at the balance sheet date.

Deferred consideration is in respect of the 2019 acquisition of The Space Holdings London Limited.

Other 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.

19. FINANCIAL INSTRUMENTS

	GROUP	
	2020	2019
Financial assets measured at amortised cost:	**£'000**	£'000
Trade debtors	**6,183**	9,602
Other debtors	**3,160**	2,968
Cash at bank and in hand	**42,481**	15,810
	51,824	28,380
Financial liabilities measured at amortised cost:		
Client deposits	**13,962**	20,052
Trade creditors	**23,969**	7,734
Other creditors	**398**	299
Accruals	**7,933**	5,662
	46,262	33,747

20. CALLED UP SHARE CAPITAL

	2020	2019
	£'000	£'000
Called up share capital		
Allotted and fully paid		
30,044,099 (2019: 30,044,099) ordinary shares of £1 each	**30,044**	30,044

The Company has one class of ordinary shares which carries no right to fixed income.

21. RESERVES

Share premium account

Share premium contains the premium that arose on the issue of equity shares, net of issue expenses.

Profit and loss account

Retained earnings represent cumulative profits and losses and capital contributions net of dividends paid.

Merger reserve

The difference between the cost of investment of Landmark Space Limited in 2018 and the nominal value of the share capital acquired has been included in the merger reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

22. 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	(37,607)	4,586
Depreciation of tangible fixed assets	9,233	9,037
Impairment of tangible fixed assets	9,576	-
Amortisation of goodwill	1,936	1,518
(Decrease)/increase in unamortised lease incentives	(984)	3,988
Amortisation of software	901	563
Impairment of intangible fixed assets	6,549	-
Profit on sale of tangible and intangible fixed assets	329	-
Loss on sale of operations	-	2,751
Equity settled share-based payments	121	-
Decrease/(increase) in debtors	17,106	(1,718)
Increase/(decrease) in creditors	12,292	(1,127)
Increase/(decrease) in provisions	13,118	(483)
UK corporation tax paid	-	(195)
Net cash flows from operating activities	32,570	18,920
(B) Cash flows from investing activities		
Purchase of tangible fixed assets	(3,143)	(13,478)
Purchase of intangible fixed assets	(306)	(1,239)
Sale of operations - exceptional item	-	(1,066)
Purchase of subsidiary undertakings and businesses	-	(1,219)
Cash at bank and in hand acquired	-	483
Net cash flows from investing activities	(3,449)	(16,519)
(C) Cash flows from financing activities		
Dividends paid	(450)	(1,800)
Loan repayments - ultimate parent company	(19,000)	-
New loans - ultimate parent company	17,000	-
Net cash flows from financing activities	(2,450)	(1,800)

(D) Analysis of net funds

	AT 1 JANUARY 2020	CASH FLOW	NON-CASH CHANGES	AT 31 DECEMBER 2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	15,810	26,671	-	42,481
Loans owed to ultimate parent company	(10,000)	2,000	(12,021)	(20,021)
	5,810	28,671	(12,021)	22,460

(E) Non-cash transactions

Non-cash transactions mainly relate to the payment of operating costs and the financing of the acquisition of The Space Holdings London Limited by O.C.S. Group Limited on behalf of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

23. CAPITAL COMMITMENTS

	GROUP	
	2020	2019
	£'000	£'000
Future capital expenditure		
Contracted for but not provided	**5**	896

24. OPERATING LEASE COMMITMENTS
At 31 December 2020 the Group had outstanding commitments for future minimum lease payments relating to land and buildings as follows:

	GROUP	
	2020	2019
	£'000	£'000
Payments due:		
Within one year	**46,786**	45,974
Between one and five years	**153,916**	172,455
After five years	**82,681**	79,994
	283,383	298,423

25. FIXED ASSET INVESTMENTS

	COMPANY
	2020
Investment in subsidiary companies	**£'000**
Cost	
At 1 January 2020	51,236
Additions	5
At 31 December 2020	**51,241**
Impairment	
At 1 January 2020	(2,294)
Charge for the year	(3,269)
At 31 December 2020	**(5,563)**
Net book value	
At 31 December 2020	**45,678**
At 31 December 2019	48,942

During the year the Company impaired its investment in The Space Holdings London Limited by £3,269,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

26. SUBSIDIARY UNDERTAKINGS
All subsidiaries of the Company are incorporated in the United Kingdom and their details at 31 December 2020 are listed below. The holdings included in the table below are all ordinary shares.

Name	Holding
Serviced offices:	
Landmark Business Centres (Bank) Limited	100%
Landmark Business Centres (Bishopsgate) Limited	100%
Landmark Business Centres (Dover Street) Limited	100%
Landmark Business Centres (Holland House) Limited	100%
Landmark Business Centres (OBS) Limited	100%
Landmark Space Limited	100%
The Space Aldgate Limited	100%
The Space Holborn Limited	100%
The Space Holdings London Limited	100%
The Space Liverpool Street Limited	100%
The Space Management London Ltd	100%
The Space Mayfair Limited	100%
The Space Old Street Limited	100%
The Space Regent Street Limited	100%
The Space Shoreditch Limited	100%
Non-trading:	
Landmark Technologies (UK) Limited	100%
i2 Office Limited	100%

The registered office address of all subsidiaries is 4 Tilgate Forest Business Park, Brighton Road, Crawley, West Sussex RH11 9BP.

27. CONTINGENT LIABILITIES

The Group has entered into unlimited multilateral cross company guarantees in respect of borrowings by certain companies in the group headed by O.C.S. Group Limited. At 31 December 2020 the borrowings outstanding were £26,871,000 (2019: £43,332,000) including £nil (2019: £8,000,000) in respect of amounts guaranteed by the Company. The Directors consider it to be highly unlikely that any amounts will be payable under these guarantees.

28. CONTROLLING PARTY
At the date of approval of these financial statements, the immediate parent company, controlling party and ultimate parent company of Landmark Limited, and the smallest and largest group which incorporates the financial statements of Landmark Limited, is O.C.S. Group Limited. Copies of the financial statements of O.C.S. Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

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

Following the year end Landmark Space Limited agreed an extension to its funding facility with O.C.S. Group Limited and an agreement is now in place confirming that a £37,500,000 facility is available until 30 September 2022. Early repayment of amounts drawn under this facility is permitted without penalty and interest is payable at a fixed rate of 2.50% per annum. In addition, the Company agreed a deferral until 30 September 2022 of all loan repayments due to O.C.S. Group Limited under its existing loans.