Company Registration No. 05374141

LANDMARK SPACE LIMITED

(formerly i2 Office Limited)

Annual Report and Financial Statements

for the year ended 31 December 2018

LANDMARK SPACE LIMITED
(formerly i2 Office Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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LANDMARK SPACE LIMITED (formerly i2 Office Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

John Spencer
James Farnworth

COMPANY SECRETARY

Malcolm Clark

REGISTERED OFFICE

4 Tilgate Forest Business Park
Brighton Road
Crawley
West Sussex
United Kingdom
RH11 9BP

BANKERS

The Royal Bank of Scotland plc
Central Milton Keynes

HSBC Bank plc
London

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
London

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

STRATEGIC REPORT

INTRODUCTION

The Board presents the Strategic Report of Landmark Space Limited for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

With effect from 1 January 2018, the Company purchased the business and assets of seven fellow subsidiaries for a total consideration of £1,796,000, reflecting their net asset value at the date of acquisition. The acquisition brought six operating business centres and one technology business into the Company, which produced turnover for the year ended 31 December 2018 of £23.1m.

The results presented are for the year ended 31 December 2018. The comparative results are for a period of 9 months ended 31 December 2017, when the Company shortened its accounting period to align it with that of its ultimate parent company. As a result, the comparatives are not directly comparable.

On 25 January 2018, the Company changed its name from i2 Office Limited to Landmark Space Limited. On 31 January 2018, the Company's entire issued share capital was acquired by Landmark Limited from its ultimate parent company O.C.S. Group Limited and accordingly the Company became a wholly owned subsidiary of Landmark Limited from that date. The Company remains a wholly owned subsidiary within the O.C.S. Group Limited group.

The Company is one of the largest national UK providers of Grade A serviced office space, currently operating 43 buildings providing 14,257 workstations of leasehold office accommodation. 31 of the buildings are in core London locations and 12 buildings are spread across 10 major UK cities.

Turnover for the year ended 31 December 2018 was £103.2m (nine months ended 31 December 2017 £56.0m). The acquisition of six operating business centres as well as demand for pro-working accommodation continues, as companies look to this as an alternative cost effective property solution for their businesses. The growth in revenue has also been driven by new centres maturing and thus occupancy increasing at these sites.

Details of the results for the period are set out in the profit and loss account on page 10. The Company's adjusted EBITDA (note 5) for the year ended 31 December 2018 was £14.1m (nine months ended 31 December 2017: £7.1m). Profitability has increased both from revenue growth as detailed above and as synergies were realised in the period following the integration of Landmark Space Limited and the other group companies. Adjusted EBITDA as well as occupancy, are key performance indicators for the business on which the business measures itself both internally and against its peers in the industry.

Occupancy at the Company's office centres at 31 December 2018 was 85%, down from 86% at the previous year end. The growth in revenue has been driven by new centres maturing and thus occupancy increasing at these sites.

The financial position at the period end is set out in the balance sheet on page 11.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal business risks and uncertainties centre on achieving satisfactory occupancy levels, workstations rates and revenues on immature sites. There are also wider risks that can affect the Company, the more material of which are as follows:

Brexit

The result of the Brexit referendum in June 2016 to leave the EU continues to be the most significant short term domestic risk to the UK commercial market in which the Company operates. In some instances, this has decreased availability of potential employees but this has not been problematic for the Company to date. There continues to be short-term volatility and this is likely to mask long-term trends. Nevertheless, this result is producing important opportunities for the Company in terms of a lowering of asking rents by landlords and continued occupier demand for the flexible office space provided by the Company.

The Company is reliant in part on the reputation of its brands

The Company has historically operated under its i2Office brand and now 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 Company's future earnings and shareholder value.

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

The Company is reliant upon technologies and systems for the running of its businesses, particularly those which are highly integrated within its business processes. During the 12 month year ended 31 December 2018, major projects were continued to enhance the Company's customer relationship management (CRM) and financial systems. These went live in June 2018 and have significantly enhanced the Company's operations and management of its financial performance. Any disruption to the Company'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.

Reliance on key clients

If the Company were to lose one or more of its more significant clients which was not quickly replaced at a similar level of turnover, net earnings would be impacted. As a business strategy, the Board ensures that there is no single client which occupies more than 10% of the Company's workstation portfolio, measured by turnover receivable. To mitigate against this, the Company has a high number of SMEs and smaller corporates as clients, thereby protecting it against a reliance on a small number of larger clients.

Changes in office market

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 Company's business may face additional competition than is currently experienced. As a result, the company maintains a flexible approach in its business dealings in order to retain and attract clients.

EMPLOYEE INVOLVEMENT

The Company recognises that its principal asset is its employees and their commitment to the Company's service, standards and customers. Where required decisions are made in consultation with senior management. Communication methods to employees vary according to need and include in-house newsletters, booklets, bulletins and management briefings.

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

HEALTH AND SAFETY INVOLVEMENT

The Company places great importance on the health and safety of its employees. Overall policy is endorsed by the Group Board.

We operate to Group standards, adopting international best practice from across the world and implementing this throughout the Company. This approach is supported by the Global Health and Safety Best Practice Group providing support and advice through a network of qualified advisors.

Extensive training is undertaken at all levels, starting at induction, with mandatory health and safety awareness and risk assessment training for managers. We keep an open dialogue about safety issues via worker engagement visits and regular conversations about safety, helping to reinforce its importance and the sharing of best practice.

THE COMMUNITY AND THE ENVIRONMENT

We aim to develop our business and achieve commercial success by respecting our environment and the communities in which we operate. To achieve this, we encourage behaviour and initiatives that will protect and enhance the environment, whilst facilitating wider economic prosperity and quality of life for present and future generations.

The Company recognises that meeting environmental and sustainability responsibilities is an integral part of its business operations. Throughout the Company there is a commitment to provide the knowledge, skills and resources required to support an effective environmental policy within the Company's wider commercial objectives. Procedures and processes are implemented which endeavour to minimise potential damage to the environment, using products and work methods which minimise risk to employees and clients, as well as limit emissions and waste.

Approved by the Board of Directors and signed on behalf of the Board.

John Spencer
Director
15 April 2019

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2018.

The Strategic Report on pages 2 to 4 contains a review of the Company's business and a description of the principal risks and uncertainties in the Company's business, together with other information often included in the Directors' Report, for example employee involvement.

GOING CONCERN

The Company made an adjusted EBITDA return of £14.1m during the year ended 31 December 2018 (£7.1m for the nine months ended 31 December 2017). At 31 December 2018 the Company had cash balances of £14.3m (2017: £8.9m). The Company's forecasts and projections take into account current and future business levels and possible changes in trading performance. The Directors are confident that the Company has adequate financial resources to continue in operational existence in the next 12 months from the date of approval of the financial statements. This includes utilisation of the group revolving credit facility and managing the net current liability position as much as possible. As a result they have accordingly continued to adopt the going concern basis of accounting in preparing the Company's financial statements.

DIVIDENDS

The Directors do not recommend the payment of a final dividend (2017: £nil).

DIRECTORS

The Directors who served during the year and to the date of this report are as follows:

John Spencer	
Andrew Blurton	Retired 31 December 2018
James Farnworth	Appointed 1 January 2019
Malcolm Clark	Resigned 5 June 2018

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.

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENT

During the first quarter of 2019 the Board has continued to expand the business. For the next three quarters the Board is already progressing further centres to be brought into operation and is continuing to upgrade and refurbish existing centres.

FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise cash and cash equivalents and items such as trade creditors and trade debtors which arise directly from its operations. The Company's operations expose it to a variety of financial risks; principally credit risk, and liquidity risk; the Board's internal control policies to manage these are implemented by the Board. These risks and their method of management are summarised below.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. The Company 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 Company.

Liquidity risk

The Company monitors its levels of working capital to ensure that it can meet its operational payments as they fall due. The Company has quarterly rent obligations under the leases governing its leasehold properties but it has no financial debt and does not hold derivative financial instruments.

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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies 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.

DISCLOSURE OF INFORMATION TO THE 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.

INDEPENDENT AUDITOR

The Company has elected to dispense with the obligation to appoint the auditor annually and, accordingly, Deloitte LLP will be the auditor of the Company for the forthcoming financial year.

Approved by the Board of Directors and signed on behalf of the Board.

John Spencer
Director
15 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDMARK SPACE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Landmark Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- related notes 1 to 20.

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 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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

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

We have nothing to report in respect of these matters.

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

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- 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 company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- *certain disclosures of Directors' remuneration specified by law are not made; or*
- we have not received all the information and explanations we require for our audit.

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

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
15 April 2019

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 £'000	Nine months ended 31 December 2017 £'000
Turnover	3	**103,173**	56,009
Cost of sales		**(85,908)**	(49,617)
Gross Profit		**17,265**	6,392
Administrative expenses		**(10,182)**	(6,344)
Operating Profit		**7,083**	48
Interest receivable		**303**	-
Profit before taxation	4	**7,386**	48
Tax on profit	7	**(1,858)**	(392)
Profit/(loss) for the financial year and total comprehensive income		**5,528**	(344)

All activities derive from continuing operations.

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

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

BALANCE SHEET
As at 31 December 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Intangible assets	8	2,336	1,100
Tangible assets	9	45,453	35,170
		47,789	36,270
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	27,267	16,268
Debtors: amounts falling due after more than one year	10	2,619	2,516
Cash at bank and in hand		14,289	8,879
		44,175	27,663
Creditors: amounts falling due within one year	11	(45,446)	(28,491)
NET CURRENT LIABILITIES		(1,271)	(828)
TOTAL ASSETS LESS CURRENT LIABILITIES		46,518	35,422
Creditors: amounts falling due after more than one year	12	(36,000)	(31,066)
Provisions for liabilities	14	(967)	(353)
NET ASSETS		9,551	4,023
CAPITAL AND RESERVES			
Called up share capital	15	891	891
Share premium account	16	4,696	4,696
Profit and loss account	16	3,964	(1,564)
TOTAL CAPITAL EMPLOYED		9,551	4,023

These financial statements were approved by the Board of Directors and authorised for issue on 15 April 2019.

Signed on behalf of the Board of Directors

John Spencer
Director

James Farnworth
Director

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 31 March 2017	891	4,696	(1,220)	4,367
Total comprehensive expense for the financial period	-	-	(344)	(344)
As at 31 December 2017	891	4,696	(1,564)	4,023
Total comprehensive income for the financial year	-	-	5,528	5,528
As at 31 December 2018	**891**	**4,696**	**3,964**	**9,551**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and for the preceding period.

Landmark Space Limited is a company incorporated in the United Kingdom under the Companies Act 2006. It is registered in England and Wales. The address of the registered office is given on page 1. Landmark Space Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

With effect from 1 January 2018, the Company purchased the business and assets of seven fellow subsidiaries for a total consideration of £1,796,000, reflecting their net asset value at the date of acquisition. The acquisition brought six operating business centres and one technology business into the Company.

On 25 January 2018, the Company changed its accounting reference date from 31 March to 31 December in line with the change to the accounting reference date of its ultimate parent company. Accordingly, the comparative information in these financial statements covers the results for the nine month period from 1 April 2017 to 31 December 2017.

The financial statements are prepared in accordance with Financial Reporting Standard 102 (FRS 102) and Companies Act 2006. The particular accounting policies adopted by the Directors are described below. They have been applied consistently throughout the current year and prior period.

The functional currency of Landmark Space Limited is pounds sterling.

Accounting convention

The financial statements are prepared under the historical cost convention.

Landmark Space Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Landmark Space Limited is consolidated in the financial statements of its ultimate parent, O.C.S. Group Limited, which may be obtained at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. O.C.S. Group Limited's registered address is the same as the Company.

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2-4. This includes utilisation of the Group revolving credit facility and managing the net current liability position.

The Company's forecasts and projections to 30 April 2020 and beyond show that the Company should be able to operate within the level of its current bank facilities and the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence in the next 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Intangible fixed assets

Intangible fixed 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 as follows:

Software	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 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	Not depreciated

Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including 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, and only when there exists a legally enforceable right to set off the recognised amounts and the Company 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.

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.

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

1. ACCOUNTING POLICIES (continued)

Non-financial assets (continued)

carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro rata basis and then to any goodwill allocated to that CGU.

Financial assets

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

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

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

Leases

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. 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.

Taxation

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

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

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

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.

1. **ACCOUNTING POLICIES (continued)**

Taxation (continued)

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company 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 Company 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.

Provisions for liabilities

Provisions for liabilities, including onerous 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. Amounts are discounted to present value when the time value of money is material.

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 customer in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

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.

Critical judgements in applying the Company's accounting policies

Deferred tax assets

The recoverability of the Company's deferred tax assets of £3,145,000 (2017: £2,869,000), which relate to timing differences, is dependent on sufficient future taxable profits. Based on the Company'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.

Key sources of estimation uncertainty

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 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 Company's tangible fixed assets at 31 December 2018 was £45,453,000 (2017: £35,170,000) after an impairment reversal of £366,000 (2017: impairment loss of £1,303,000) was recognised in the year. The provision for onerous leases at 31 December 2018 was £426,000 (2017: £137,000) due to loss making lease contracts.

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. PROFIT BEFORE TAXATION

		Year ended 31 December 2018	Nine months ended 31 December 2017
		£'000	£'000
Profit before taxation is after charging/(crediting):			
Depreciation of tangible fixed assets	note 5	**6,874**	5,643
Amortisation of intangible fixed assets	note 8	**249**	10
Rentals under operating leases:			
- other operating leases		**35,154**	17,347
Movement in provisions and impairment		**(77)**	1,439
Auditor's remuneration:			
- audit of the Company's annual financial statements		**100**	25

5. ADJUSTED EBITDA

		Year ended 31 December 2018	Nine months ended 31 December 2017
		£'000	£'000
The adjusted EBITDA of the Company is calculated as follows:			
Operating profit before taxation		**7,083**	48
Depreciation of tangible fixed assets	note 9	**6,874**	5,643
Amortisation of software	note 8	**249**	10
Movement in provisions and impairment		**(77)**	1,439
		14,129	7,140

Adjusted EBITDA includes adjustments for onerous lease provisions to better reflect the trading position. Furthermore, adjusted EBITDA is a key metric in measuring the operation of the business.

6. STAFF NUMBERS AND COSTS

	Year ended 31 December 2018	Nine months ended 31 December 2017
	£'000	£'000
Directors' remuneration		
Emoluments	**826**	474
Compensation for loss of office	-	56
Pension contributions	-	2
Benefits in kind	**5**	4
	831	536

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

Emoluments of the highest paid Director for the year ended 31 December 2018 was £500,000 (nine months ended 31 December 2017: £149,000). Pension contributions were £nil (nine months ended 31 December 2017: £2,000).

At 31 December 2018 no Directors were members of a Group defined contribution pension scheme (2017: nil).

	Year ended 31 December 2018	Nine months ended 31 December 2017
The average monthly number of employees including executive Directors were:	**No.**	**No.**
Operating	**140**	102
Sales	**30**	23
Administration	**47**	31
	217	156

	Year ended 31 December 2018	Nine months ended 31 December 2017
	£'000	£'000
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	**11,020**	5,896
Social security costs	**1,289**	710
Defined contribution pension scheme contributions	**239**	74
	12,548	6,680

7. TAX ON PROFIT

	Year ended 31 December 2018 £'000	Nine months ended 31 December 2017 £'000
Current tax		
Group relief payable	**2,386**	345
Adjustment in respect of prior periods	**(87)**	1
	2,299	346
Deferred tax		
Origination and reversal of timing differences	**(388)**	(52)
Adjustment in respect of prior periods	**(53)**	98
	(441)	46
Tax charge on profit	**1,858**	392
Reconciliation of total tax charge:		
Profit before tax	**7,386**	48
Tax on profit at standard UK corporation tax rate of 19%	**1,403**	9
Factors affecting charge for the year/period:		
- depreciation on non-qualifying assets	**584**	270
- expenses not deductible for tax purposes	**125**	60
- deductions allowed for tax purposes	**(114)**	(46)
- Adjustments in respect of prior periods	**(140)**	99
Total tax charge for the year/period	**1,858**	392

The standard rate of tax applied to reported profit is 19% (2017: 19%). The Finance Act 2015 changed the rate from 20% to 19% during the prior year. The change of tax rates following the enactment of the Finance Act 2016 in September 2016 means that deferred tax balances should be calculated using 17%. The impact on deferred tax assets and liabilities is immaterial.

8. INTANGIBLE FIXED ASSETS

	Software £'000
Cost	
At 1 January 2018	1,177
Additions	1,485
At 31 December 2018	**2,662**
Amortisation	
At 1 January 2018	77
Charge for the year	249
At 31 December 2018	**326**
Net book value	
At 31 December 2018	**2,336**
At 31 December 2017	1,100

9. TANGIBLE FIXED ASSETS

	Short term leasehold property £'000	Plant, machinery, fixtures and fittings £'000	Artwork £'000	Total £'000
Cost				
At 1 January 2018	37,329	18,509	-	55,838
Additions	10,577	2,980	10	13,567
Transfers from purchase of assets from subsidiaries	2,806	286	498	3,590
At 31 December 2018	**50,712**	**21,775**	**508**	**72,995**
Accumulated depreciation				
At 1 January 2018	11,106	9,562	-	20,668
Charge for the year	4,896	1,978	-	6,874
At 31 December 2018	**16,002**	**11,540**	-	**27,542**
Net book value				
At 31 December 2018	**34,710**	**10,235**	**508**	**45,453**
At 31 December 2017	26,223	8,947	-	35,170

10. DEBTORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	10,582	6,114
Amounts owed by ultimate parent company	-	133
Amounts owed by fellow subsidiary undertakings	2,622	159
Other debtors	290	531
Prepayments and accrued income	13,247	8,978
Deferred tax (see note 13)	526	353
	27,267	16,268
Amounts falling due after more than one year:		
Deferred tax (see note 13)	2,619	2,516
Trade debtors	10,582	6,114
Less deferred income - fees in advance (note 11)	(9,026)	(5,256)
Net trade debtors	1,556	858

Intercompany balances are not interest bearing, are unsecured, are payable on demand and are transacted in the ordinary course of business.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	7,754	6,255
Client deposits	15,821	10,364
Deferred income - fees in advance (note 10)	9,026	5,256
Amounts owed to ultimate parent company	3,488	532
Amounts owed to fellow subsidiary undertakings	3,198	240
Other taxes and social security	297	210
Other creditors	439	28
Unamortised lease incentives	463	1,507
Accruals and other deferred income	4,960	4,099
	45,446	28,491

Intercompany balances are not interest bearing, are unsecured, are payable on demand and are transacted in the ordinary course of business.

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

	2018 £'000	2017 £'000
Unamortised lease incentives	33,456	30,320
Accruals and deferred income	2,544	746
	36,000	31,066

13. DEFERRED TAX

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

	2018 £'000	2017 £'000
Depreciation in excess of capital allowances	2,715	2,389
Tax losses	-	353
Other temporary differences	430	127
	3,145	2,869

14. PROVISIONS FOR LIABILITIES

	2018 £'000
At 1 January 2018	353
Movements in the year	614
At 31 December 2018	967

Provisions for liabilities relate to onerous leases which will be utilised over the terms of the leases or be settled by early termination. The balance also included dilapidation provisions.

15. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted and fully paid		
891,314 ordinary shares of £1 each	891	891

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

16. RESERVES

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

The profit and loss account represents cumulative profits and losses, net of dividends paid.

17. CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Future capital expenditure		
Contracted but not provided		
Tangible fixed assets	5,377	699
	5,337	699

18. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2018 £'000	2017 £'000
Within one year	29,543	26,125
Between two and five years	114,827	110,288
After five years	71,933	95,633
	216,303	232,046

19. CONTINGENT LIABILITIES

The Company 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 2018 the borrowings outstanding were £33,836,000 (2017: £128,280,000). The Directors consider it to be highly unlikely that any amounts will be payable under these guarantees.

20. IMMEDIATE AND ULTIMATE PARENT COMPANY

At the date of approval of these financial statements, the immediate parent company was Landmark Limited. The smallest group which incorporates the financial statement of the Company is Landmark Limited. The ultimate controlling party and ultimate parent company of the Company, and the largest group which incorporates the financial statements of the Company, is O.C.S. Group Limited. The registered address of Landmark Limited and O.C.S. Group Limited is 4 Tilgate Forest Business Park, Brighton Road, Crawley, West Sussex, RH11 9BP. Copies of the financial statements of Landmark Limited and O.C.S. Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.