

Company Registration No. 05374141

LANDMARK SPACE LIMITED
(formerly i2 Office Limited)

Report and Financial Statements

for the nine months ended 31 December 2017

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LANDMARK SPACE LIMITED (formerly i2 Office Limited)

REPORT AND FINANCIAL STATEMENTS 2017

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LANDMARK SPACE LIMITED (formerly i2 Office Limited)

REPORT AND FINANCIAL STATEMENTS 2017

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

J.R. Spencer
A.F. Blurton
M. Clark

REGISTERED OFFICE

4 Tilgate Forest Business Park
Brighton Road
Crawley
West Sussex
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

PRINCIPAL ACTIVITIES

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

ACCOUNTING PERIOD

On 25 January 2018, the Company changed its accounting reference date from 31 March to 31 December to accord with the accounting reference date of its ultimate parent company O. C. S. Group Limited. Accordingly, these financial statements cover the results for the nine month period from 1 April 2017 to 31 December 2017.

BUSINESS REVIEW

On 25 January 2018, the Company changed its name from i2 Office Limited to Landmark Space Limited. On the same date, 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. 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 35 buildings providing 10,296 workstations of leasehold office accommodation. 23 of the buildings are in core London locations and 12 buildings are spread across 10 major UK cities.

Turnover for the nine months ended 31 December 2017 was £56,009,000 (31 March 2017: £74,279,000), at an annualised level similar to the previous twelve month period. During the nine months ended 31 December 2017, the Company invested £6,020,000 (year ended 31 March 2017: £8,925,000) fitting out new premises and refurbishing the portfolio. Demand for pro-working accommodation is continuing as companies look to this an alternative cost effective property solution for their businesses.

Details of the results for the period are set out in the profit and loss account on page 9. The Company's operating profit for the period of £48,000 (year ended 31 March 2017: £3,512,000) is stated after costs relating to impairment of fixed assets and provisions of £1,439,000 (year ended 31 March 2017: provision releases of £2,113,000).

The financial position at the period end is set out in the balance sheet on page 10.

KEY PERFORMANCE INDICATORS

The Company's primary KPIs include:

- Centre contribution (gross profit) for the nine month period of £6,392,000 (year ended 31 March 2017: £8,878,000) and gross profit as a percentage of turnover of 11.4% (year ended 31 March 2017: 12.0%)
- EBITDA (see note 5) for the nine months ended 31 December 2017 of £7,140,000 (year ended 31 March 2017: £9,389,000).

The Company's financial performance reflects the investment in new sites made in the period.

FUTURE DEVELOPMENTS

During the first quarter of 2018 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 under its new corporate brand of Landmark Space and is continuing to upgrade and refurbish existing centres.

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

STRATEGIC REPORT (continued)

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.

Adverse economic conditions may have a material adverse effect on the Company's results

The Company's operating and financial performance are affected by the economic conditions in the United Kingdom where the Company's revenue is derived. If the current economic conditions in the United Kingdom were to deteriorate materially, this could result in a reduction in the Company's business, financial condition and operating results. The Directors have strategies in place to mitigate the effects of such situations but some of these factors may be outside the control of the Board.

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 Space 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 running its businesses, particularly those which are highly integrated within its business processes. During the nine month period ended 31 December 2017, major projects were commenced to enhance the Company's CRM and financial systems. These are expected to go-live in May 2018 and will significantly enhance the Company's operational and financial performance. Any disruption to the Company's technologies or systems could adversely affect the efficiency of the business. The Company has a detailed Business Continuity Plan which sets out a range of strategies to address perceived risks and foreseeable adverse events to mitigate these possible risks.

Reliance on key clients

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. If the Company were to lose one or more of its more significant clients which was not quickly replaced at a similar level of revenue, 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 revenue receivable.

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.

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

STRATEGIC REPORT (continued)

EMPLOYEE INVOLVEMENT

The Company recognises that its principal asset is its employees and their commitment to the Company's service, standards and customers. 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.



J.R. Spencer

Director

11 April 2018

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the nine month period ended 31 December 2017.

The Strategic Report on pages 2 to 4 contains a fair review of the Company's business and a description of the principal risks and uncertainties facing the Company. Information ordinarily required to be included in the Directors' Report covering policies for people with disabilities, employee participation, use of financial instruments, events after the balance sheet date and an indication of likely future developments in the business has been included in the Strategic Report.

GOING CONCERN

Excluding unamortised lease incentives, which represent deferred income to be released to the profit and loss account in the future rather than a liability to be paid, the Company had net current assets at 31 December 2017 of £679,000 (31 March 2017: £836,000) and net assets of £35,850,000 (31 March 2017: £36,757,000). At 31 December 2017 the Company had cash balances of £8,879,000 (31 March 2017: £10,275,000). 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 resources to continue in operational existence for the foreseeable future and 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 (31 March 2017: £nil).

DIRECTORS

The Directors who served throughout the period, unless otherwise stated, were as follows:

J.R. Spencer	
A.F. Blurton	(appointed 30 June 2017)
M. Clark	
J.W. Holgate	(resigned 30 June 2017)

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.

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

DIRECTORS' REPORT

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.

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

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.



J.R. Spencer

Director

11 April 2018

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:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the nine month period 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 of Landmark Space Limited (the 'Company') which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the 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 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.

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.

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

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 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body; in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

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.

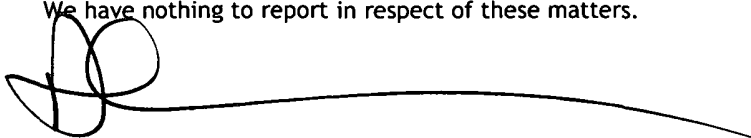
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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.

We have nothing to report in respect of these matters.



Darren Longley FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 April 2018

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

PROFIT AND LOSS ACCOUNT

Nine months ended 31 December 2017

	Note	Nine months ended 31 December 2017 £'000	Year ended 31 March 2017 £'000
TURNOVER	3	56,009	74,279
Cost of sales		(49,617)	(65,401)
GROSS PROFIT		6,392	8,878
Administrative expenses		(6,344)	(5,366)
OPERATING PROFIT		48	3,512
Finance costs	4	-	(3)
PROFIT BEFORE TAXATION	4	48	3,509
Tax on profit	7	(392)	392
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(344)	3,901

All activities derive from continuing operations.

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

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

BALANCE SHEET
31 December 2017

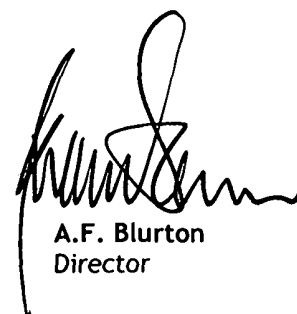
	Note	31 December 2017 £'000	31 March 2017 £'000
FIXED ASSETS			
Intangible assets	8	1,100	327
Tangible assets	9	35,170	36,096
		<u>36,270</u>	<u>36,423</u>
CURRENT ASSETS			
Debtors			
- due within one year	10	16,268	16,764
- due after one year	10	2,516	1,909
Cash and cash equivalents		8,879	10,275
		<u>27,663</u>	<u>28,948</u>
Creditors: amounts falling due within one year	11	(28,491)	(30,631)
NET CURRENT LIABILITIES		<u>(828)</u>	<u>(1,683)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,442	34,740
Creditors: amounts falling due after more than one year	12	(31,066)	(29,871)
Provisions for liabilities	14	(353)	(502)
NET ASSETS		<u><u>4,023</u></u>	<u><u>4,367</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	891	891
Share premium account	16	4,696	4,696
Profit and loss account	16	(1,564)	(1,220)
SHAREHOLDERS' FUNDS		<u><u>4,023</u></u>	<u><u>4,367</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 11 April 2018.

Signed on behalf of the Board of Directors



J.R. Spencer
Director



A.F. Blurton
Director

LANDMARK SPACE LIMITED (formerly i2 Office Limited)

STATEMENT OF CHANGES IN EQUITY

~Nine months ended 31 December 2017

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 31 March 2016	891	4,696	(5,121)	466
Profit for the financial year	-	-	3,901	3,901
At 31 March 2017	891	4,696	(1,220)	4,367
Loss for the financial period	-	-	(344)	(344)
At 31 December 2017	<u>891</u>	<u>4,696</u>	<u>(1,564)</u>	<u>4,023</u>

LANDMARK SPACE LIMITED (formerly i2 Office Limited)
NOTES TO THE FINANCIAL STATEMENTS
Nine months ended 31 December 2017

1. ACCOUNTING POLICIES

Landmark Space Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. It 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.

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, these financial statements cover the results for the nine month period from 1 April 2017 to 31 December 2017 and are therefore not wholly comparable to those for the comparative period which are for the year ended 31 March 2017.

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

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 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.

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.

The Company's forecasts and projections to 30 April 2019 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 for the foreseeable future. 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
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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

LANDMARK SPACE LIMITED (formerly i2 Office Limited)
NOTES TO THE FINANCIAL STATEMENTS
Nine months ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

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 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.

LANDMARK SPACE LIMITED (formerly i2 Office Limited)
NOTES TO THE FINANCIAL STATEMENTS
Nine months ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

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.

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.

LANDMARK SPACE LIMITED (formerly i2 Office Limited)
NOTES TO THE FINANCIAL STATEMENTS
Nine months ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

Provisions for liabilities and accruals

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. In order to be consistent with the treatment in the current period, which is considered to better reflect the nature of the items involved, amounts relating to property accruals of £1,387,000 included in provisions at 31 March 2017 have been reclassified to accruals.

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 £2,869,000 (31 March 2017: £2,915,000), which relate to timing differences and losses, 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 2017 was £35,170,000 (31 March 2017: £36,096,000) after an impairment loss of £1,303,000 (31 March 2017: £nil) was recognised in the period. The provision for onerous leases at 31 December 2017 was £353,000 (31 March 2017: £502,000).

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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

	Nine months ended 31 December 2017 £'000	Year ended 31 March 2017 £'000
Profit before taxation is after charging/(crediting):		
Depreciation of tangible fixed assets	5,643	7,966
Impairment of tangible fixed assets	1,303	-
Amortisation of software	10	24
Rentals under operating leases:		
- other operating leases	17,347	22,849
Onerous lease provisions/(releases)	136	(2,113)
Auditor's remuneration:		
- audit of the Company's annual financial statements	25	34
	<u> </u>	<u> </u>

Net finance costs consist of £nil other interest payable (31 March 2017: £6,000) and £nil interest receivable (31 March 2017: £3,000).

5. EBITDA

	Nine months ended 31 December 2017 £'000	Year ended 31 March 2017 £'000
The EBITDA of the Company is calculated as follows:		
Profit before interest and tax	48	3,512
Depreciation of tangible fixed assets	5,643	7,966
Impairment of fixed assets	1,303	-
Amortisation of software	10	24
Onerous lease provisions and releases	136	(2,113)
	<u> </u>	<u> </u>
	<u>7,140</u>	<u>9,389</u>

LANDMARK SPACE LIMITED (formerly i2 Office Limited)
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6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Nine months ended 31 December 2017 £'000	Year ended 31 March 2017 £'000
Directors' remuneration		
Emoluments	474	620
Compensation for loss of office	56	-
Pension contributions	2	8
	<u>532</u>	<u>628</u>

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

Emoluments of the highest paid Director for the nine months ended 31 December 2017 were £399,000 (year ended 31 March 2017: £515,000). The Company has not paid any pension contributions in respect of the highest paid Director (year ended 31 March 2017: £nil).

At the period end no Directors (31 March 2017: one) were members of a Group defined contribution pension scheme.

	Nine months ended 31 December 2017 £'000	Year ended 31 March 2017 £'000
The average number of employees was:		
Operating	102	87
Sales	23	30
Administration	31	36
	<u>156</u>	<u>153</u>

	Nine months ended 31 December 2017 £'000	Year ended 31 March 2017 £'000
Staff costs incurred during the period in respect of these employees were:		
Wages and salaries	5,896	5,654
Social security costs	710	630
Pension costs	74	18
	<u>6,680</u>	<u>6,302</u>

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7. TAX ON PROFIT

	Nine months ended 31 December 2017 £'000	Year ended 31 March 2017 £'000
Current tax		
Group relief	345	41
Adjustment to prior year's tax provision	1	-
	<u>346</u>	<u>41</u>
Deferred tax		
Origination and reversal of timing differences	(52)	(467)
Change in tax rate	-	171
Adjustment to prior years' tax provisions	98	(137)
	<u>46</u>	<u>(433)</u>
Tax charge/(credit) on profit	<u>392</u>	<u>(392)</u>
Reconciliation of total tax charge/(credit):		
Profit before tax	<u>48</u>	<u>3,509</u>
Tax on profit at standard UK corporation tax rate of 19% (31 March 2017: 20%)	9	702
Factors affecting charge/(credit) for the period:		
- depreciation on non-qualifying assets	270	222
- expenses not deductible for tax purposes	60	40
- deductions allowed for tax purposes	(46)	(107)
- change in deferred tax rate	-	171
- tax losses utilised	-	(1,283)
- adjustments in respect of prior years	99	(137)
Total tax charge/(credit) for the period/year	<u>392</u>	<u>(392)</u>

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8. INTANGIBLE FIXED ASSETS

	Software £'000
Cost	
At 1 April 2017	394
Additions	783
	<hr/>
At 31 December 2017	1,177
	<hr/>
Amortisation	
At 1 April 2017	67
Charge for the period	10
	<hr/>
At 31 December 2017	77
	<hr/>
Net book value	
At 31 December 2017	1,100
	<hr/> <hr/>
At 31 March 2017	327
	<hr/> <hr/>

LANDMARK SPACE LIMITED (formerly i2 Office Limited)
NOTES TO THE FINANCIAL STATEMENTS
Nine months ended 31 December 2017

9. TANGIBLE FIXED ASSETS

	Short term leasehold property £'000	Plant, machinery, fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2017	36,123	17,582	53,705
Additions	4,857	1,163	6,020
Disposals	(3,651)	(236)	(3,887)
At 31 December 2017	37,329	18,509	55,838
Accumulated depreciation			
At 1 April 2017	10,318	7,291	17,609
Charge for the period	3,493	2,150	5,643
Impairment	946	357	1,303
Disposals	(3,651)	(236)	(3,887)
At 31 December 2017	11,106	9,562	20,668
Net book value			
At 31 December 2017	26,223	8,947	35,170
At 31 March 2017	25,805	10,291	36,096

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10. DEBTORS

	31 December 2017 £'000	31 March 2017 £'000
Amounts falling due within one year:		
Trade debtors	6,114	6,104
Amounts owed by ultimate parent company	133	1,559
Amounts owed by fellow subsidiary undertakings	159	82
Other debtors	531	1,007
Prepayments and accrued income	8,978	7,006
Deferred tax (see note 13)	353	1,006
	<u>16,268</u>	<u>16,764</u>
Amounts falling due after more than one year:		
Deferred tax (see note 13)	<u>2,516</u>	<u>1,909</u>
Trade debtors	6,114	6,104
Less deferred income - fees in advance (note 11)	(5,256)	(5,042)
	<u>858</u>	<u>1,062</u>
Net trade debtors		

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017 £'000	31 March 2017 £'000
Trade creditors	6,255	6,139
Deferred income - fees in advance (note 10)	5,256	5,042
Amounts owed to ultimate parent company	532	195
Amounts owed to fellow subsidiary undertakings	240	290
Other taxes and social security	210	181
Other creditors	10,392	9,001
Accruals and other deferred income	5,606	9,783
	<u>28,491</u>	<u>30,631</u>

Accruals and deferred income includes £1,507,000 (31 March 2017: £2,519,000) relating to unamortised lease incentives which will be released to the profit and loss account over the next twelve months.

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

	31 December 2017 £'000	31 March 2017 £'000
Accruals and deferred income	31,066	29,871
	<u>31,066</u>	<u>29,871</u>

Accruals and deferred income includes £30,320,000 (31 March 2017: £29,871,000) relating to unamortised lease incentives which will be released to the profit and loss account over the terms of the leases.

13. DEFERRED TAX

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

	31 December 2017 £'000	31 March 2017 £'000
Depreciation in excess of capital allowances	2,389	1,909
Tax losses	353	1,006
Other timing differences	127	-
	<u>2,869</u>	<u>2,915</u>

The profit and loss account charge of £46,000 (31 March 2017: credit of £433,000) includes a charge of £nil (31 March 2017: £171,000) in respect of the reduction in the UK corporation tax rate.

During the year beginning 1 January 2018, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £353,000 due to the utilisation of tax losses.

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14. PROVISIONS FOR LIABILITIES

	Nine months ended 31 December 2017 £'000
At 1 April 2017	502
Utilised in the period	(285)
Charged to profit and loss account	136
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At 31 December 2017	353 <hr/>

Provisions for liabilities relate to onerous leases which will be utilised over the terms of the leases or be settled by early termination.

15. CALLED UP SHARE CAPITAL

	31 December 2017 £'000	31 March 2017 £'000
Allotted and fully paid		
891,314 (31 March 2017: 891,314) ordinary shares of £1 each	891	891
	<hr/>	<hr/>

The Company has one class of ordinary shares which carries 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

	31 December 2017 £'000	31 March 2017 £'000
Future capital expenditure		
Contracted but not provided	699	603
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18. OPERATING LEASE COMMITMENTS

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

	Land and buildings 31 December 2017 £'000	Land and buildings 31 March 2017 £'000
Within one year	26,125	24,327
Between two and five years	110,288	95,949
After five years	95,633	95,048
	<u>232,046</u>	<u>215,324</u>

19. CONTINGENT LIABILITIES

The Company has entered into unlimited multilateral cross company guarantees in respect of borrowings by certain O.C.S. Group Limited companies. At 31 December 2017 the borrowings outstanding were £128,280,000 (31 March 2017: £105,593,000). On 28 March 2018 the O.C.S. Group completed a refinancing, the indebtedness under the old bank facility was repaid by the companies concerned and the Company entered into a new unlimited multilateral cross company guarantee in respect of new bank facilities under similar terms. Following completion of a significant disposal by the O.C.S. Group on 1 February 2018 the O.C.S. Group is substantially net debt free.

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

20. IMMEDIATE AND ULTIMATE PARENT COMPANY AND SUBSEQUENT EVENT

At 31 December 2017 the ultimate controlling party and ultimate parent company, immediate parent company and parent company of the smallest and largest group for which group accounts are prepared, was 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.

On 25 January 2018, the Company's entire issued share capital was acquired by a fellow subsidiary Landmark Limited from its ultimate parent company O.C.S. Group Limited. Accordingly, with effect from that date, the Company became a wholly owned subsidiary of Landmark Limited but remains a wholly owned subsidiary within the O.C.S. Group Limited group.