Registered number: 05723408

BUSINESS ENVIRONMENT NO. 1 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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BUSINESS ENVIRONMENT NO. 1 LIMITED

COMPANY INFORMATION

Directors	S Rusk D Saul A Stewart J Jenkins A Emden G Hefferman N Gandy
Company secretary	S Rusk
Registered number	05723408
Registered office	10 Queen Street Place London EC4R 1AG
Independent auditors	haysmacintyre Chartered Accountants & Registered Auditors 10 Queen Street Place London EC4R 1AG

BUSINESS ENVIRONMENT NO. 1 LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

The principal activity of the company in the period under review was that of holding company for its subsidiaries which provides services offices, business services, co-working and conference space.

Aside from the provision of services offices, co-working and conferences, the company's subsidiaries also provide business services such as IT and telephony, building refurbishment, leaning, security, food and beverage, health and safety and facilities management.

The company incurs management costs which it then recharges to group companies. No dividends were received during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Turnover risk
A review of the group's top ten largest clients indicates that no single client represents a material risk and, this exposure has decreased from the preceding year as a result of the expansion of the portfolio. Consequently, the directors are satisfied that the risk to the group from its income stream is satisfactory and requires no action.

A further review of the number of workstations per client also shows that 80% are between one and ten indicating the client base is predominantly SME's and spread amongst multiple small customers. This again reduces the inherent risk in the customer base.

Operating expenditure risk
The wider group's costs are split between direct costs, being the running costs of the centres, and head office functions. Once a centre is open the direct costs are mainly fixed or vary slightly with the turnover at that centre. The head office costs are predominantly fixed.

During the year, the wider group expanded its portfolio by acquiring a competitor with three centres resulting in an increase in EBITDA but little change in head office costs. Therefore, the directors are content that they have reduced this area of risk during the year by our expansion.

Interest rate risk
The group completed the refinancing of its senior debt in January 2017 for a further five years and the disposal of two assets reducing the principal to £65m. This has removed the group's refinancing risk and reduced its exposure to interest costs and future rate movements.

The group's senior debt is predominately held on a floating basis and is subject to fluctuations in LIBOR. The directors are satisfied that this does not present a material risk for two reasons.

- Firstly, the future predictions of both base rate and LIBOR show a flat curve over the medium to long term suggesting the market does not perceive any material increases.
- Secondly, the group's income stream tends to provide a natural hedge with interest rate movements.

KEY PERFORMANCE INDICATORS

The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the company as the primary role is to invest in trading subsidiary companies.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

This report was approved by the board on 28 September 2018 and signed on its behalf.

J Jenkins
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £14,723,418 *(2016 - loss £604,002)*.

The directors have not approved any dividends in the year.

Directors

The directors who served during the year were:

S Rusk
D Saul
A Stewart
J Jenkins
A Emden
G Hefferman
N Gandy

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

The company continues to prioritise core initiatives focused on building a long term sustainable business, notably dedication to Service, Quality and Value for money.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, haysmacintyre, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 30 April 2007.

This report was approved by the board on 28 September 2018 and signed on its behalf.



J Jenkins
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BUSINESS ENVIRONMENT NO. 1 LIMITED

Opinion

We have audited the financial statements of Business Environment No. 1 Limited (the 'Company') for the year ended 31 December 2017, which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

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 auditors' 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 this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BUSINESS ENVIRONMENT NO. 1 LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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 auditors' report.

Use of our report

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

Neil M Gillam (senior statutory auditor)

for and on behalf of
haysmacintyre, Statutory Auditor

Chartered Accountants
Registered Auditors

10 Queen Street Place
London
EC4R 1AG

28 September 2018

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	*2016 as restated £*
Operating expenses		**617,971**	*382,541*
Operating profit		**617,971**	*382,541*
Income from shares in group undertakings		**14,790,000**	-
Interest receivable and similar income	5	**2,011,665**	*1,738,950*
Interest payable and similar expenses	6	**(2,684,910)**	*(2,854,930)*
Profit/(loss) before tax		**14,734,726**	*(733,439)*
Tax on profit/(loss)	7	**(11,310)**	*49,437*
Profit/(loss) for the financial year		**14,723,416**	*(684,002)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the income statement.

The notes on pages 13 to 26 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	*2016* *£*
Profit/(loss) for the financial year	**14,723,416**	*(684,002)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the income statement.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 13 to 26 form part of these financial statements.

BUSINESS ENVIRONMENT NO. 1 LIMITED
REGISTERED NUMBER: 05723408

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £		*2016 £*
Fixed assets					
Investments	10		**6,957,756**		*6,957,756*
			6,957,756		*6,957,756*
Current assets					
Debtors: amounts falling due after more than one year	11	**12,694,507**		*12,694,507*	
Debtors: amounts falling due within one year	11	**71,402,308**		*7,008,038*	
		84,096,815		*19,702,545*	
Creditors: amounts falling due within one year	12	**(62,409,850)**		*(7,425,251)*	
Net current assets			**21,686,965**		*12,277,294*
Total assets less current liabilities			**28,644,721**		*19,235,050*
Creditors: amounts falling due after more than one year	13		**(12,130,692)**		*(12,194,437)*
Net assets			**16,514,029**		*7,040,613*
Capital and reserves					
Called up share capital			**1**		*1*
Profit and loss account			**16,514,028**		*7,040,612*
			16,514,029		*7,040,613*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2018.

J Jenkins
Director
The notes on pages 13 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1	7,040,612	7,040,613
Comprehensive income for the year			
Profit for the year	-	14,723,416	14,723,416
Total comprehensive income for the year	-	14,723,416	14,723,416
Contributions by and distributions to owners			
Dividends: Equity capital	-	(5,250,000)	(5,250,000)
At 31 December 2017	1	16,514,028	16,514,029

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1	7,724,614	7,724,615
Comprehensive income for the year			
Loss for the year	-	(684,002)	(684,002)
Total comprehensive income for the year	-	(684,002)	(684,002)
At 31 December 2016	1	7,040,612	7,040,613

The notes on pages 13 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of BE Offices Limited (formerly Business Environment Holding Limited) as at 31 December 2017 and these financial statements may be obtained from the Registrar at Companies House.

1.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

1. Accounting policies (continued)

1.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	13% straight line
Office equipment	-	13% straight line
Computer equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

1.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1. Accounting policies (continued)

1.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group uses interest rate swaps to hedge its exposure to interest rate fluctuations on its variable rate borrowings.

Interest rate swaps are initially measured at fair value and carried at the balance sheet date as an asset or liability. Subsequent measurement is at fair value determined by reference to market value for similar instruments. If a derivative does not qualify for hedge accounting, the gain or loss arising on the movement in fair value is recognised in the profit and loss account.

1.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1. Accounting policies (continued)

1.8 Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.10 Interest income

Interest income is recognised in the income statement using the effective interest method.

1.11 Borrowing costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1. Accounting policies (continued)

1.13 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company's financial statements.

2. General information

Business Environment No 1 Limited is a company domiciled in England and Wales, registration number 05723408. The registered office is 10 Queen Street Place London EC4R 1AG and its principal place of business is 45 Beech Street London EC2Y 8AD.

The company's principal activity is that of an investment holding parent company.

The company's functional currency and reporting currency is pounds sterling.

3. Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts have been charged to the ultimate parent undertaking, BE Offices Limited (formerly Business Environment Holding Limited).

4. Employees

The directors of the company are paid by fellow group undertakings and no specific recharge for directors' remuneration is made to the company. Details of directors' remuneration are disclosed in the notes to the accounts of BE Offices Limited (formerly Business Environment Holding Limited).

The Company has no employees other than the directors, who did not receive any remuneration *(2016 - £NIL)*.

5. Interest receivable

	2017 £	*2016 as restated* *£*
Group interest receivable on unwinding of loan discount	**2,011,665**	*1,738,912*
Other interest receivable	**-**	*38*
	2,011,665	*1,738,950*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6. Interest payable and similar charges

	2017 £	*2016 as restated £*
Bank interest payable	**99,601**	*304,233*
Fair value movement in SWAP valuation	**(63,745)**	*343,152*
Group interest on unwinding of loan discount	**2,649,054**	*2,207,545*
	2,684,910	*2,854,930*

7. Taxation

	2017 £	*2016* *£*
Deferred tax		
Origination and reversal of timing differences	**11,310**	*577*
Changes to tax rates	**-**	*8,323*
Origination and reversal of timing differences - SWAP	**-**	*(58,337)*
Total deferred tax	**11,310**	*(49,437)*
Taxation on profit/(loss) on ordinary activities	**11,310**	*(49,437)*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19.25% *(2016 - 20%)*. The differences are explained below:

	2017 £	*2016* *£*
Profit on ordinary activities before tax	**14,734,726**	*(733,439)*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	**2,835,930**	*(146,688)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	*75,883*
Non-taxable income	**(12,269)**	*(232)*
Adjust opening and closing deferred tax	**(1,495)**	*40,185*
Deferred tax not recognised	**-**	*(21,670)*
Deferred tax timing difference on SWAP not recognised in computation	**-**	*(68,630)*
Group relief	**23,443**	*71,715*
Deferred tax - timing difference on SWAP not recognised	**12,269**	**-**
Group income	**(2,846,568)**	**-**
Total tax charge for the year	**11,310**	*(49,437)*

7. Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 20% to 19% from 1 April 2017. A further reduction was announced in the 2016 Budget and has been enacted to reduce the rate to 17% in 2020.

For the purposes of deferred tax, the rate change to 17% had been substantively enacted by the balance sheet date. The deferred tax is therefore provided for at the rate it is expected to crystallise of 17%.

8. Dividends

	2017 £	*2016* £
Dividends receivable from subsidiary undertakings	**5,250,000**	-

9. Tangible fixed assets

	Plant & machinery £
Cost or valuation	
At 1 January 2017	**44,564**
At 31 December 2017	**44,564**
Depreciation	
At 1 January 2017	**44,564**
At 31 December 2017	**44,564**
Net book value	
At 31 December 2017	-
At 31 December 2016	-

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	**12,040,721**
At 31 December 2017	**12,040,721**
Impairment	
At 1 January 2017	**5,082,965**
At 31 December 2017	**5,082,965**
Net book value	
At 31 December 2017	**6,957,756**
At 31 December 2016	*6,957,756*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Business Environment Basingstoke Limited	Ordinary	100 %	Provider of office accommodation
Business Environment City Limited	Ordinary	100 %	Provider of serviced office accommodation
Business Environment CityPoint Limited	Ordinary	100 %	Provider of office accommodation
Business Environment Wembley Limited	Ordinary	100 %	Investment property
Business Environment Wembley No 1 Limited	Ordinary	100 %	Provider of office accommodation

10. Fixed asset investments (continued)

Business Environment Milton Keynes Limited	Ordinary	100 %	Provider of office accommodation
Business Environment Minories Limited	Ordinary	100 %	Provider of serviced office accommodation
Business Environment Reading Limited	Ordinary	100 %	Provider of office accommodation
Business Environment SoanePoint Limited	Ordinary	100 %	Investment property
Business Environment Threadneedle Street Limited	Ordinary	100 %	Non-trading
Business Environment Groveland Limited	Ordinary	100 %	Non-trading
Business Environment Rex Limited	Ordinary	100 %	Provider of serviced office accommodation
Business Environment Watling Limited	Ordinary	100 %	Non-trading
Business Environment Spare Limited	Ordinary	100 %	Dormant

10. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Business Environment Basingstoke Limited	(7,443,600)	(316,632)
Business Environment City Limited	15,191,758	33,871
Business Environment CityPoint Limited	(923,541)	-
Business Environment Wembley Limited	(459,143)	(189,990)
Business Environment Wembley No 1 Limited	1,262,415	(4,617,697)
Business Environment Milton Keynes Limited	755,199	355,999
Business Environment Minories Limited	29,393,995	670,373
Business Environment Reading Limited	91,394	78,595
Business Environment SoanePoint Limited	(359,423)	10,363
Business Environment Threadneedle Street Limited	3,938	-
Business Environment Groveland Limited	26,722	96
Business Environment Rex Limited	1,874,526	(802,897)
Business Environment Watling Limited	2,315	-
Business Environment Spare Limited	1	-

11. Debtors

	2017 £	*2016 £*
Due after more than one year		
Amounts owed by group undertakings	12,694,507	*12,694,507*

	2017 £	*2016 £*
Due within one year		
Amounts owed by group undertakings	71,214,349	*6,305,450*
Other debtors	-	*2,033*
Prepayments and accrued income	-	*501,286*
Deferred taxation	187,959	*199,269*
	71,402,308	*7,008,038*

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FOR THE YEAR ENDED 31 DECEMBER 2017

12. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	**334,275**	*1,731,002*
Trade creditors	**-**	*702,719*
Amounts owed to group undertakings	**62,057,389**	*4,973,130*
Accruals and deferred income	**18,186**	*18,400*
	62,409,850	*7,425,251*

13. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	**1,092,968**	*1,156,713*
Amounts owed to group undertakings	**11,037,724**	*11,037,724*
	12,130,692	*12,194,437*

14. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due after more than 5 years		
SWAP	**1,092,968**	*1,156,713*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Deferred taxation

	2017 £	2016 £
At beginning of year	**199,269**	*149,832*
Charged to the profit or loss	**(11,310)**	*49,437*
At end of year	**187,959**	*199,269*

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**2,154**	*2,627*
On interest rate swaps	**185,805**	*196,642*
	187,959	*199,269*

16. Prior year adjustment

The prior year adjustment relates to the non-recognition of the interest charge/interest credit arising on the unwinding of the inter-company loan discount and the non-recognition of inter company loan waiver equal to the unwinding of the inter-company loan discount. The net result to the balance sheet and profit and loss account is nil.

17. Other financial commitments

The company has cross-guaranteed group bank borrowings totalling £69,722,207 (2016: £89,924,491).

18. Related party transactions

Advantage has been taken by the company of the exemptions provided by section 33.1A of FRS 102 not to disclose group transactions because it is a wholly owned subsidiary of a company preparing consolidated accounts.

19. Controlling party

The ultimate parent undertaking and controlling party is considered to be BE Offices (formerly Business Environment Holding Limited), which heads the largest and smallest group for which consolidated accounts are prepared.

The consolidated accounts are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.