

Regus (Trafalgar) Limited

Director's report and financial statements

For the year ended 31 December 1995

Registered number 2755077



Regus (Trafalgar) Limited

Director's report and financial statements

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Regus (Trafalgar) Limited

Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 1995.

Principal activities and business review

The company's principal activity is the provision of serviced offices and related services. The company has continued to develop within the serviced offices market and the position at the year end is as shown on page 4.

Proposed dividend and transfer to reserves

The director does not recommend the payment of a dividend (1994: *£nil*). The retained loss for the year of £305,777 (1994: *profit* £229,950) has been taken to reserves.

Fixed assets

Details of movements in fixed assets during the year are set out in note 6 to the financial statements.

Director and director's interests

The director who held office during the year and his interests in the company were as follows:

	Class of share	Number of shares at the beginning and end of year
MLJ Dixon	Ordinary shares	-

MLJ Dixon has interests in the shares of the ultimate parent company which is incorporated outside Great Britain

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Abacus Secretarial Services Limited

Abacus Secretarial Services Limited
Secretary

1 Northumberland Avenue
London

31 July 1996

Regus (Trafalgar) Limited

Statement of Director's Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company and of its profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St James' Square
Manchester M2 6DS

Report of the auditors to the members of Regus (Trafalgar) Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

31 July 1996

Regus (Trafalgar) Limited

Profit and loss account for the year ended 31 December 1995

	Note	1995 £	1994 £
Turnover from continuing operations		1,785,154	1,493,346
Cost of sales		(1,036,119)	(832,645)
Gross profit from continuing operations		749,035	660,701
Administrative expenses		(1,045,283)	(734,989)
Other operating income		-	310,394
Operating (loss)/profit from continuing operations	2	(296,248)	236,106
Interest payable and similar charges	3	(9,529)	(6,156)
(Loss)/profit on ordinary activities before taxation		(305,777)	229,950
Tax on (loss)/profit on ordinary activities		-	-
(Loss)/profit on ordinary activities after taxation		(305,777)	229,950

A statement of movements on reserves is given in note 12.

There are no recognised gains and losses other than those passing through the profit and loss account.

Reconciliation of movements in shareholders' funds for the year ended 31 December 1995

	1995 £	1994 £
(Loss)/profit for the financial year	(305,777)	229,950
Net (reduction)/addition to shareholders' funds	(305,777)	229,950
Opening shareholders' funds	116,403	(113,547)
Closing shareholders' funds	(189,374)	116,403

Regus (Trafalgar) Limited

Balance sheet at 31 December 1995

	Note	1995 £	£	1994 £	£
Fixed assets					
Tangible assets	6	254,953		258,739	
Current assets					
Stocks		1,852		2,654	
Debtors	7	790,052		522,630	
Cash at bank and in hand		41,020		35,323	
		832,924		560,607	
Creditors: amounts falling due within one year	8	(1,268,924)		(702,943)	
Net current liabilities		(436,000)		(142,336)	
Total assets less current liabilities		(181,047)		116,403	
Creditors: amounts falling due in more than one year	9	(8,327)		-	
		(189,374)		116,403	
Capital and reserves					
Called up share capital	11	100		100	
Profit and loss account	12	(189,474)		116,303	
		(189,374)		116,403	

These financial statements were approved by the board of directors on 31 July 1996 and were signed on its behalf by:

MLJ Dixon
Director



Regus (Trafalgar) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The going concern basis has been applied since the parent company has indicated its intention to provide continuing financial support.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers during the year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Life of lease
Fixtures and fittings	-	20% per annum

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Further instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stock

Stock is valued at the lower of cost and net realisable value.

Regus (Trafalgar) Limited

Notes (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Cash flow statement

In accordance with FRS1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company.

2 Operating loss

	1995 £	1994 £
<i>Operating profit is stated after charging</i>		
Depreciation of tangible assets	107,339	85,068
Hire of plant and machinery	-	(17,165)
Operating lease rentals:		
Land and buildings	270,279	247,456
Auditors' remuneration	3,000	4,000
<i>after crediting</i>		
Insurance claims received	-	159,555
Holding company loan written off	-	150,839
	<hr/>	<hr/>

3 Interest payable and similar charges

	1995 £	1994 £
Bank interest	9,529	6,156
	<hr/>	<hr/>

4 Remuneration of the director

No emoluments were paid to the director (1994: £Nil).

Regus (Trafalgar) Limited

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows:

	1995 Number	1994 Number
Administration	11	7
Sales	1	1
	<u>12</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	205,796	222,144
Social security costs	20,696	21,326
	<u>226,492</u>	<u>243,470</u>

6 Tangible fixed assets

	Leasehold Premises £	Fixtures and fittings £	Total £
Cost			
At beginning of year	17,833	415,310	433,143
Additions	20,041	83,512	103,553
	<u>37,874</u>	<u>498,822</u>	<u>536,696</u>
Depreciation			
At beginning of year	7,134	167,270	174,404
Charge for year	7,575	99,764	107,339
	<u>14,709</u>	<u>267,034</u>	<u>281,743</u>
Net book value			
At 31 December 1995	23,165	231,788	254,953
At 31 December 1994	10,699	248,040	258,739
	<u>23,165</u>	<u>231,788</u>	<u>254,953</u>

Included in the total net book value is £16,033 (1994: £nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £4,008.

Regus (Trafalgar) Limited

Notes (continued)

7 Debtors

	1995 £	1994 £
Trade debtors		
Amounts owed by parent and fellow subsidiary undertakings	171,671	292,063
Other debtors	453,495	102,315
Prepayments and accrued income	-	9,913
	164,886	118,339
	<u>790,052</u>	<u>522,630</u>

8 Creditors: Amounts falling due within one year

	1995 £	1994 £
Bank loans and overdrafts		
Trade creditors	-	4,042
Obligations under finance leases and hire purchase contracts (see note 10)	184,629	269,161
Amounts owed to parent and fellow subsidiary undertakings	948	-
Other creditors including taxation and social security	287,660	220,793
Accruals and deferred income	663,461	208,947
	132,226	-
	<u>1,268,924</u>	<u>702,943</u>

9 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Obligations under finance leases and hire purchase contracts (see note 10)	8,327	-
	<u>8,327</u>	<u>-</u>

Regus (Trafalgar) Limited

Notes (continued)

10 Obligations under finance leases and hire purchase contracts

The maturity of obligations under finance leases and high purchase contracts is as follows:

	1995 £	1994 £
Within one year	4,278	-
In the second to fifth years	11,138	-
	<hr/>	<hr/>
Less future finance charges	15,416	-
	6,142	-
	<hr/>	<hr/>
	9,274	-
	<hr/>	<hr/>

11 Called up share capital

	1995 £	1994 £
Authorised		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

12 Profit and loss account

	1995 £	1994 £
At beginning of year	116,303	(113,647)
Retained profit for year	305,777	229,950
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At end of year	189,474	116,303
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Regus (Trafalgar) Limited

Notes (continued)

13 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1995 £	1994 £
Operating leases which expire: Between two and five years	244,000	244,000
	<u>244,000</u>	<u>244,000</u>

14 Contingent liabilities

The company has entered into a composite cross guarantee arrangement covering the borrowings of certain other group companies.

15 Post Balance Sheet Events

On 1 January 1996, the trading activities of Regus (Trafalgar) Limited were transferred to Regus UK Limited.

16 Ultimate parent company

The ultimate parent company is Regus Business Centre BV, a company registered in Holland.