

**REGISTERED NUMBER: 02755077 (England and Wales)**

**Report of the Directors and  
Financial Statements for the Year Ended 31 December 2011  
for  
Regus Management (UK) Limited**



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*for the Year Ended 31 December 2011*

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# **Regus Management (UK) Limited**

## **Company Information**

*for the Year Ended 31 December 2011*

**DIRECTORS:**

TSJD Regan  
PDE Gibson

**REGISTERED OFFICE:**

3000 Hillswood Drive  
Hillswood Business Park  
Chertsey  
Surrey  
KT16 ORS

**REGISTERED NUMBER:**

02755077 (England and Wales)

**AUDITORS:**

KPMG  
Chartered Accountants and Statutory Auditor  
Stokes House  
17-25 College Square East  
Belfast  
BT1 6DH

**Regus Management (UK) Limited (Registered number: 02755077)**

**Report of the Directors**

*for the Year Ended 31 December 2011*

The directors present their report with the financial statements of the company for the year ended 31 December 2011

**PRINCIPAL ACTIVITY**

The company's principal activity is the provision of management services to the Regus (UK) group of companies

**REVIEW OF BUSINESS**

The results for the company show a pre-tax profit of £2,303,000 (2010 £(2,951,000) loss) for the year and turnover of £30,679,000 (2010 £31,551,000)

**DIVIDENDS**

No dividends were paid or proposed for either the year ended 31 December 2011 or the year ended 31 December 2010

**DIRECTORS**

TSJD Regan has held office during the whole of the period from 1 January 2011 to the date of this report

Other changes in directors holding office are as follows

X Walters - resigned 15 April 2011

PDE Gibson - appointed 15 April 2011

MLJ Dixon ceased to be a director after 31 December 2011 but prior to the date of this report

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the policy of the company to agree terms of payment for its business transactions with its suppliers. Payment is then made in accordance with these, subject to the terms and conditions being met by the supplier. The company does not follow any code or standard on payment practice. Trade creditor days, based on cost of sales for the Regus (UK) group of companies, at 31 December 2011 are 12 (2010 18)

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made no political contributions in either 2011 or 2010. During the year, the company made charitable contributions of £nil (2010 £5,100)

**Report of the Directors**

*for the Year Ended 31 December 2011*

**FUTURE OUTLOOK**

Looking ahead in 2012 the company will benefit from the Regus group continuing to drive occupancy improvements through higher enquiries and conversion levels and to pursue attractive low risk growth opportunities

**PRINCIPAL RISKS AND UNCERTAINTIES**

There are a number of risks and uncertainties which could have an impact on the company's long term performance. The company has a risk management structure in place to identify, manage and mitigate business risks. Risk assessment and evaluation is an essential part of the planning, budgeting and forecasting cycle.

The directors have identified that the principal risks and uncertainties affecting the company are an economic downturn in the market and exposure to movements in the property market. Further discussion of these risks and uncertainties, in the context of Regus plc group as a whole, is provided in the group's annual report which does not form part of this report.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The objectives, policies and strategies applied by the company with respect to financial instruments are determined by Regus plc. Exposure to credit, interest rate and currency risk arise in the normal course of business. The principal financial instruments used by the company to finance its operations are cash and loans.

**CREDIT RISK**

A diversified customer base and requirement for customer deposits and payments in advance on workstation contracts minimises the company's exposure to customer credit risk.

Cash assets, borrowings and derivative financial instruments are only transacted with counterparties of sound credit ratings, and management does not expect any counterparty to fail to meet its obligations.

**INTEREST RATE RISK**

At 31 December 2011 there was £56,903,000 (2010: £51,205,000) of amounts on loan to parent and fellow subsidiary companies. Surplus cash balances are loaned to group companies at commercial rates of interest in order to achieve maximum interest returns. Details of these balances are given in note 9.

**FOREIGN CURRENCY RISK**

The company's exposure to currency risk at a transactional level is minimal as the majority of day to day transactions are carried out in pounds sterling.

**DERIVATIVE FINANCIAL INSTRUMENTS**

At 31 December 2011 there were no derivative financial instruments outstanding.

**EMPLOYEES**

It is the company's policy to communicate with all employees and to encourage them to take a wider interest in the affairs of the company and the Regus plc group. This is done in a variety of ways including electronic media, in house journals, bulletins and briefing sessions.

The health and safety of employees is of paramount importance. Safety awareness is actively promoted in the working environment and is reviewed from time to time, in the light of good practice and developing legislation.

The company is committed to the principal of equal opportunity in employment, regardless of a person's race, creed, nationality, sex, age, marital status or disability. Employment policies are fair, equitable and consistent with the skills and abilities of the employees and the needs of the company's businesses. These policies ensure that everyone is accorded equal opportunity for recruitment, training and promotion. Where an employee becomes disabled whilst employed by the company every effort is made to allow that person to continue in employment.

The number of employees and their remuneration are set out in note 3 to the financial statements.

**Report of the Directors**

*for the Year Ended 31 December 2011*

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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). 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office.

**BY ORDER OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'TSJD Regan', written over a horizontal line.

TSJD Regan - Director

13 September 2012

## **Report of the Independent Auditors to the Members of Regus Management (UK) Limited**

We have audited the financial statements of Regus Management (UK) Limited for the year ended 31 December 2011 on pages six to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

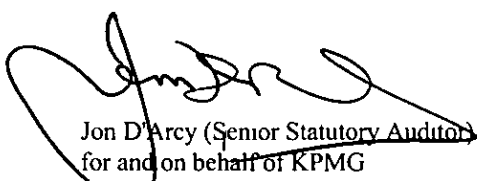
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.



Jon D'Arcy (Senior Statutory Auditor)  
for and on behalf of KPMG  
Chartered Accountants and Statutory Auditor  
Stokes House  
17-25 College Square East  
Belfast  
BT1 6DH

13 September 2012

**Regus Management (UK) Limited (Registered number: 02755077)**

**Profit and Loss Account**

*for the Year Ended 31 December 2011*

	Notes	2011 £'000	2010 £'000
<b>TURNOVER</b>	2	<b>30,679</b>	31,551
Cost of sales		<u>101</u>	<u>380</u>
<b>GROSS PROFIT</b>		<b>30,578</b>	31,171
Administrative expenses		<u>30,779</u>	<u>32,807</u>
<b>OPERATING LOSS</b>	4	<b>(201)</b>	(1,636)
Exceptional items	5	<u>868</u>	<u>(2,324)</u>
		<b>667</b>	(3,960)
Interest receivable and similar income	6	<b>1,654</b>	1,009
Interest payable and similar charges	7	<u>(18)</u>	<u>-</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,303</b>	(2,951)
Tax on profit/(loss) on ordinary activities	8	<u>-</u>	<u>(10)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b><u>2,303</u></b>	<b><u>(2,941)</u></b>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material



**Regus Management (UK) Limited (Registered number: 02755077)**

**Balance Sheet**

*31 December 2011*

	Notes	2011 £'000	2010 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	183	287
<b>CURRENT ASSETS</b>			
Debtors	10	61,413	60,906
Cash at bank		1,105	957
		<u>62,518</u>	<u>61,863</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	61,705	63,457
		<u>61,705</u>	<u>63,457</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>813</u>	<u>(1,594)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>996</u>	<u>(1,307)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Profit and loss account	13	996	(1,307)
		<u>996</u>	<u>(1,307)</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>996</u>	<u>(1,307)</u>

These financial statements were approved by the Board of Directors on 13 September 2012 and were signed on its behalf by



PDE Gibson - Director

The notes on pages 8 to 13 form part of these financial statements

**Notes to the Financial Statements**  
*for the Year Ended 31 December 2011*

**1 ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and comply with UK Generally Accepted Accounting Practice

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

**Cash flow statement**

In accordance with FRS 1, a cash flow statement has not been prepared on the grounds that the company is a wholly owned subsidiary undertaking of Regus plc and its cash flows are included within the consolidated cash flow statement of that company

**Turnover**

Turnover represents the value of management services provided to other companies within the Group during the year and is exclusive of VAT and similar taxes

Services are deemed to have been delivered to customers when, and to the extent that, the company has met its obligations under its services contract

**Tangible fixed assets and depreciation**

Depreciation is provided on a straight line basis at rates calculated to write off the cost of fixed assets to estimated residual values over their estimated useful lives at the following rates

Furniture, telephone & office equipment	- 5 to 10 years
Other fixtures & fittings	- Shorter of the lease term, the first break point of the building lease or 10 years
Computers	- 3 years

**Taxation**

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

**Pension costs and other post-retirement benefits**

Regus Management (UK) Limited operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

**Going concern**

The company's business activities are set out in the Report of the Directors on page 2. The directors believe the company's funding is likely to be sufficient to meet its day to day working capital requirements and that accordingly it is appropriate to prepare these financial statements on a going concern basis

**Related party transactions**

As the company is a wholly owned subsidiary of Regus plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group

**Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2011*

**1 ACCOUNTING POLICIES - continued**

**Start-up costs**

Start-up costs (including formation costs, costs related to finding property and any other centre opening costs) are charged to the profit and loss account as they are incurred

**Refurbishment**

The terms of most building leases require the company to make good dilapidation or other damage occurring during the rental period. Due to the nature of the business, centres are maintained to a high standard. Provisions for dilapidations are only made when the company considers that it is likely that the premises will be vacated by the company and it is known that a dilapidation has occurred.

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

**2 TURNOVER**

All results are derived from the provision of services to the Regus group of companies in the United Kingdom.

**3 STAFF COSTS**

	2011 £'000	2010 £'000
Wages and salaries	21,497	18,253
Social security costs	2,044	1,678
Other pension costs	152	172
	<u>23,693</u>	<u>20,103</u>
Recharged to other UK group companies	(14,785)	(12,348)
Included in administrative expenses	<u>8,908</u>	<u>7,755</u>

The average number of employees during the year was as follows

	2011	2010
Operations	753	733
Sales	122	100
Administration	12	14
	<u>887</u>	<u>847</u>

Regus Management (UK) Limited recharges payroll costs, in full, to the Regus (UK) group of companies at cost. The average number of persons employed by Regus Management (UK) Limited during the year including directors, analysed by category, was as above.

**4 OPERATING LOSS**

The operating loss is stated after charging

	2011 £'000	2010 £'000
Depreciation - owned assets	71	87
Auditors' remuneration - Audit of these financial statements	1	1
Auditors' remuneration - Audit of financial statements of group companies	178	180
Auditors' remuneration - All other services	14	12
Management fees	<u>9,868</u>	<u>14,399</u>

**Regus Management (UK) Limited (Registered number: 02755077)**

**Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2011*

**4 OPERATING LOSS - continued**

	2011	2010
	£	£
Directors' remuneration	164,117	220,000
Compensation to director for loss of office	30,000	-

MLJ Dixon is a director of Regus plc and his remuneration is disclosed in the accounts of that company. TSJD Regan did not receive any remuneration in relation to his services to the company. The remaining directors are also directors of other subsidiaries of the Regus (UK) group of companies. As it is not practicable to allocate their remuneration between services as director of each of these subsidiaries, details of X Walter's remuneration are as above and details of PDE Gibson's remuneration are disclosed in the accounts of Regus Business Services Limited.

**5 EXCEPTIONAL ITEMS**

Exceptional items of £868,000 were credited (2010 £2,324,000 charged) for the settlement of payables and receivables relating to entities in administration.

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2011	2010
	£'000	£'000
Bank interest	5	4
Interest receivable from parent and fellow subsidiary undertakings	1,649	1,005
	<u>1,654</u>	<u>1,009</u>

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	2011	2010
	£'000	£'000
Other interest payable	18	-

**8 TAXATION**

**Analysis of the tax credit**

The tax credit on the profit on ordinary activities for the year was as follows

	2011	2010
	£'000	£'000
Deferred tax		
Deferred tax - current year	-	14
Deferred tax - prior year	-	(24)
Total deferred tax	-	(10)
Tax on profit/(loss) on ordinary activities	-	(10)

**Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2011*

**8 TAXATION - continued**

**Factors affecting the tax credit**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) on ordinary activities before tax	<u><b>2,303</b></u>	<u><b>(2,951)</b></u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	<b>599</b>	<b>(826)</b>
Effects of		
Expenses not deductible for tax purposes	<b>(107)</b>	<b>692</b>
Movement in short term timing differences	<b>-</b>	<b>(2)</b>
Depreciation in excess of capital allowances	<b>16</b>	<b>25</b>
Tax losses carried forward	<b>-</b>	<b>111</b>
Group relief received (not paid for)	<b>(456)</b>	<b>-</b>
Other timing differences	<u><b>(52)</b></u>	<u><b>-</b></u>
Current tax credit	<u><b>-</b></u>	<u><b>-</b></u>

The company has tax losses carried forward of £367,000 (2010 £397,000), decelerated capital allowances of £47,000 (2010 £38,000) and short term timing differences of £nil (2010 £205,000) for which no deferred tax asset has been recognised

**9 TANGIBLE FIXED ASSETS**

	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Totals £'000</b>
<b>COST</b>			
At 1 January 2011	<b>277</b>	<b>291</b>	<b>568</b>
Additions	<b>16</b>	<b>14</b>	<b>30</b>
Disposals	<u><b>(63)</b></u>	<u><b>-</b></u>	<u><b>(63)</b></u>
At 31 December 2011	<u><b>230</b></u>	<u><b>305</b></u>	<u><b>535</b></u>
<b>DEPRECIATION</b>			
At 1 January 2011	<b>59</b>	<b>222</b>	<b>281</b>
Charge for year	<u><b>22</b></u>	<u><b>49</b></u>	<u><b>71</b></u>
At 31 December 2011	<u><b>81</b></u>	<u><b>271</b></u>	<u><b>352</b></u>
<b>NET BOOK VALUE</b>			
At 31 December 2011	<u><b>149</b></u>	<u><b>34</b></u>	<u><b>183</b></u>
At 31 December 2010	<u><b>218</b></u>	<u><b>69</b></u>	<u><b>287</b></u>

**Regus Management (UK) Limited (Registered number: 02755077)**

**Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2011*

**10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£'000	£'000
Trade debtors	76	100
Amounts owed by group undertakings *	59,791	58,166
Other debtors	182	192
Corporation tax	-	174
Prepayments and accrued income	1,364	2,274
	<u>61,413</u>	<u>60,906</u>

\* Included within this balance is a £56,903,000 loan to Regus No1 SARL (2010 £51,205,000) Interest is received on the loan at LIBOR plus 2 19% (2010 LIBOR plus 1 5%)

**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£'000	£'000
Trade creditors	3,310	3,589
Customer deposits	36,602	32,757
Amounts owed to group undertakings	14,441	19,406
Social security and other taxes	532	515
VAT	3,394	1,684
Other creditors	-	16
Accruals and deferred income	3,426	5,490
	<u>61,705</u>	<u>63,457</u>

**12 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid			2011	2010
Number	Class	Nominal value	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

**13 RESERVES**

	Profit and loss account £'000
At 1 January 2011	(1,307)
Profit for the year	<u>2,303</u>
At 31 December 2011	<u>996</u>

**14 ULTIMATE PARENT COMPANY**

Regus Management (UK) Limited is a wholly owned subsidiary of Regus No 4 Sarl, a company incorporated in Luxembourg and a subsidiary of Regus plc

The smallest and largest group in which the results of the company are consolidated is that headed by Regus plc, a company incorporated in Jersey The consolidated accounts of Regus plc are available to the public and may be obtained from the Company's website [www.regus.com](http://www.regus.com) or from the Regus plc head office, 26 Boulevard Royal, L-2449 Luxembourg

**Regus Management (UK) Limited (Registered number: 02755077)**

**Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2011*

**15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) for the financial year	<b>2,303</b>	<b>(2,941)</b>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>2,303</b>	<b>(2,941)</b>
Opening shareholders' funds	<b>(1,307)</b>	<b>1,634</b>
<b>Closing shareholders' funds</b>	<b>996</b>	<b>(1,307)</b>