

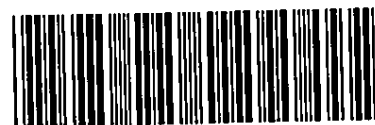
Regus Management (UK) Limited

**Directors' report and financial
statements**

Year ended 31 December 2008

Registered number 2755077

MONDAY



A3034FED

A05

30/11/2009

62

COMPANIES HOUSE

Directors' report and financial statements

Contents

Directors' report	1-3
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditors' report to the members of Regus Management (UK) Limited	5
Profit and loss account	6
Balance sheet	7
Statement of total recognised gains and losses	8
Reconciliation of movements in shareholders' funds	8
Notes forming part of the financial statements	9-16

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities and business review

The company's principal activity is the provision of management services to the Regus (UK) group of companies. During 2008, the company commenced the provision of serviced offices and related services.

The results for the company show a pre-tax profit for the year of £10,301,000 (2007: £7,477,000) and turnover of £29,983,000 (2007: £28,231,000)

Dividends paid

The company paid a dividend of £nil during the financial year (2007: £6,300,000).

Key performance indicators ("KPIs")

A summary of the company's key performance indicators for the year is as follows:

	2008	2007	Definition, method of calculation and analysis
Turnover (£'000)	£29,983	£28,231	Total turnover for the year

Future outlook

Looking ahead in 2009 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 designed to identify, manage and mitigate business risks. Risk assessment and evaluation is an essential part of the annual 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 the 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. Details of borrowings are set out in Note 11 to the financial statements.

Interest rate risk

At 31 December 2008 there was £29,944,000 of outstanding debt. Surplus cash balances are invested to achieve maximum interest returns on a day to day basis.

Directors' report *(continued)*

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 2008 there were no derivative financial instruments outstanding.

Research and development

One of our core skills is our ability to anticipate the changing demands of our customers. We therefore focus our research on developing new products and services which meet the future needs of our customers.

Directors

The directors who held office during the year were as follows:

MLJ Dixon
X Walters
TSJD Regan

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 principle 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 6 to the financial statements.

Political contributions and charitable donations

The company made no political contributions in either 2008 or 2007. During the financial year, the company donated £12,500 to the London Triathlon (2007: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 2008 is 7 (2007: 4).

Directors' report *(continued)*

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



X Walters
Secretary

3000 Hillswood Drive
Chertsey
Surrey
KT16 0RS

8 June 2009

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

The directors are also responsible for preparing a Directors' report that complies with the Companies Act 1985.

By order of the Board



X Walters
Secretary

3000 Hillswood Drive
Chertsey
Surrey
KT16 0RS

8 June 2009

Independent auditors' report 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 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movement in shareholders funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.



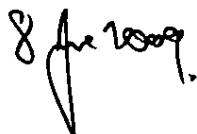
KPMG

Chartered Accountants &

Registered Auditors

17/25 College Square East

Belfast BT1 6DH



Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Turnover	<i>1</i>	29,983	28,231
Earnings before interest, tax, depreciation and amortisation		10,406	7,484
Depreciation		(103)	(7)
Operating profit	<i>4</i>	10,303	7,477
Interest payable		(2)	-
Profit on ordinary activities before taxation	<i>3</i>	10,301	7,477
Tax on profit on ordinary activities	<i>5</i>	(122)	(2)
Profit for the financial year	<i>15</i>	10,179	7,475

All amounts are derived from continuing activities.

There were no gains and losses for the current or previous year other than those shown above.

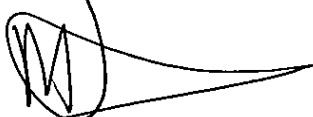
There is no difference between the profits for the current or previous year and their historical cost equivalents.

The notes on pages 9 to 16 form part of these financial statements.

Balance sheet
at 31 December 2008

	<i>Note</i>	2008	2007
		£000	£000
Fixed assets			
Tangible assets	8	407	52
Current assets			
Debtors	9	29,944	13,345
Cash		1	-
		<u>29,945</u>	<u>13,345</u>
Creditors: amounts falling due within one year	11	(12,495)	(5,859)
Net current assets		17,450	7,486
Total assets less current liabilities		17,857	7,538
Provisions for liabilities	12	-	(2)
Creditors: amounts falling due after more than 1 year	13	(142)	-
Net assets		17,715	7,536
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	17,715	7,536
Shareholders' funds		17,715	7,536

These financial statements were approved by the board of directors on 8 June 2009 and were signed on its behalf by:



MLJ Dixon

Director

Statement of total recognised gains and losses
for the year ended 31 December 2008

	2008 £000	2007 £000
Profit for the financial year	10,179	7,475
Total recognised gains and losses relating to the financial year	10,179	7,475
Total gains and losses recognised since last annual report	10,179	7,475

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2008

	2008 £000	2007 £000
Profit for the financial year	10,179	7,475
Ordinary dividend paid	-	(6,300)
Profit retained for the financial year	10,179	1,175
Shareholders' funds at beginning of year	7,536	6,361
Shareholders' funds at end of the year	17,715	7,536

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 financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Companies Act 1985 under the historical cost accounting rules and comply with UK Generally Accepted Accounting Practice.

Going concern

The company's business activities are set out in the Business review on page 1. The company have positive financial resources and have generated a current year profit. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, 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 annual report and accounts.

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.

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 entity has met its obligations under its services contract.

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.

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks relate to items purchased for resale to customers and to items intended for distribution within the business such as office supplies and marketing materials. Provision is made for any deterioration in net realisable value as a result of obsolescence or damage.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Pensions

Regus Management (UK) Limited operates a defined contribution scheme. Contributions are charged to the profit and loss account as incurred.

Leases

Building leases

Building leases are all accounted for as operating leases because substantially all the risks and rewards of ownership remain with the lessor.

The rental on certain leases is wholly or partly conditional on the profitability of the centre and therefore the risk to the business, in terms of rent, is reduced. Once all outstanding rent has been paid, landlords receive a share of the profits of the centre.

For leases which are wholly or partly conditional on the profitability of the centre, an estimate is made of the likely rent payable based on profitability in respect of the period up to the date of the first market rent review or first break point in the lease, whichever is sooner, and this is spread on a straight line basis over that period. Any subsequent changes in estimates are spread over the remaining period to the date of the first market rent review or first break point in the lease, whichever is sooner. Amounts payable in respect of profit shares are accrued once a sufficient net surplus has been made which would result in a profit share being paid.

Any incentives or rent free periods on conventional leases and the conventional element of leases, which are partly conventional and partly conditional on profitability, are spread on a straight line basis over the period to the date of the first market rent review or first break point in the lease, whichever is sooner, so that the amounts charged to the profit and loss account are the same each year over that period.

Notes (continued)

2 Segmental reporting

All turnover and profits before taxation are derived from the provision of services to the Regus (UK) group of companies in the United Kingdom.

3 Profit on ordinary activities before taxation

	2008 £000	2007 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	103	7
Auditors' remuneration: As auditor	1	2
Management Fees	9,230	8,664
	<u> </u>	<u> </u>

4 Operating profit

Operating profit is arrived at as follows:

	2008 £000	2007 £000
Turnover	29,983	28,231
Cost of sales	(152)	-
	<u> </u>	<u> </u>
Gross profit	29,831	28,231
Administrative expenses	(10,298)	(12,090)
Management fees	(9,230)	(8,664)
	<u> </u>	<u> </u>
Operating profit	10,303	7,477
	<u> </u>	<u> </u>

5 Tax on profit on ordinary activities

Analysis of charge in year:

	2008 £000	2007 £000
<i>UK corporation tax</i>		
Current tax on income for the year	127	-
	<u> </u>	<u> </u>
Total current tax	127	-
Deferred tax (notes 10 and 12)	(5)	2
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u>122</u>	<u>2</u>

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year:

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	10,301	7,477
	<hr/>	<hr/>
Current tax at 28.5% (2007: 30%)	2,936	2,243
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	31	6
Other adjustments – UK: UK transfer pricing	(2,827)	(2,434)
Group relief (received)/ given (not paid for)	(17)	187
Excess of book depreciation over tax depreciation	4	(2)
	<hr/>	<hr/>
Total current tax charge (see above)	127	-
	<hr/>	<hr/>

On 1st April 2008, the UK rate of corporation tax decreased from 30% to 28%.

6 Remuneration of the directors, staff numbers and costs

Remuneration of directors

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 their services as directors of each of these subsidiaries, details of total remuneration is as follows:

	2008 £000	2007 £000
Directors' remuneration	195	325
Compensation for loss of office	-	222
	<hr/>	<hr/>
Total emoluments	195	547
	<hr/>	<hr/>
Company contributions to money purchase pension schemes	-	4
	<hr/>	<hr/>
	195	551
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid director was £195,000 (2007: £373,000), and company pension contributions of £nil (2007: £1,000) were made to a money purchase scheme on their behalf.

	Number of directors 2008	Number of directors 2007
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	-
	<hr/>	<hr/>

Notes (continued)

6 Remuneration of the directors, staff numbers and costs (continued)

Staff numbers and costs

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 follows:

	2008 Number	2007 Number
Operations	714	680
Sales	23	43
Administration	55	51
	<hr/> 792	<hr/> 774

The aggregate payroll costs of these persons, that were recharged, were as follows:

	2008 £000	2007 £000
Wages and salaries	18,574	19,112
Social security costs	1,901	1,665
Pension costs	245	280
	<hr/> 20,720	<hr/> 21,057

7 Dividends

	2008 £000	2007 £000
Final dividend paid in respect of the current year	-	6,300
	<hr/> -	<hr/> 6,300

Notes (continued)

8 Tangible fixed assets

	Fixtures and fittings £000	Computer equipment £000	Total £000
<i>Cost</i>			
At beginning of the year	26	33	59
Additions	292	166	458
	<hr/>	<hr/>	<hr/>
At end of the year	318	199	517
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of the year	1	6	7
Charge for the year	41	62	103
	<hr/>	<hr/>	<hr/>
At end of the year	42	68	110
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	276	131	407
	<hr/>	<hr/>	<hr/>
At 31 December 2007	25	27	52
	<hr/>	<hr/>	<hr/>

9 Debtors

	2008 £000	2007 £000
<i>Amounts falling due within one year:</i>		
Trade debtors	100	-
Prepayments	209	-
Deferred tax (note 10)	3	-
Tax and VAT recoverable	1,444	800
Amounts owed by fellow subsidiary undertakings	28,188	12,545
	<hr/>	<hr/>
	29,944	13,345
	<hr/>	<hr/>

10 Deferred tax asset

	2008 £000	2007 £000
At beginning of the year	-	-
Credited/(charged) to the profit and loss for the year	3	-
	<hr/>	<hr/>
At end of the year	3	-
	<hr/>	<hr/>

Deferred tax relates to the company's entitlement to capital allowances still to be claimed for tax purposes of £11,000 (2007: accelerated capital allowances of £7,000).

Notes (continued)

11 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Customer deposits	13	-
Corporation tax	127	-
Taxation and social security	31	-
Bank loans and overdrafts	-	1,143
Trade creditors	1,414	94
Amounts owed to parent and fellow subsidiary undertakings	7,150*	2,499
Accrual and deferred income	3,760	2,123
	<u>12,495</u>	<u>5,859</u>

* Included within this balance is a £1,000,000 loan entered into by the company during the financial year with Regus No1 SARL. The loan is repayable on demand, with the lender having a first ranking floating charge over the company's assets. Interest is paid on the loan at LIBOR plus 1.75%.

12 Provisions for liabilities

	Deferred tax £000	2008 Total £000	2007 Total £000
At beginning of year	2	2	-
(Credited)/ charged to the profit and loss for the year	(2)	(2)	2
At end of the year	<u>-</u>	<u>-</u>	<u>2</u>

13 Creditors: amounts falling due after more than one year

	2008 £000	2007 £000
Accrual and deferred income	142	-
	<u>142</u>	<u>-</u>

14 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Notes (continued)

15 Profit and loss account

	2008 £000	2007 £000
At beginning of the year	7,536	6,361
Profit for the financial year	10,179	7,475
Ordinary dividend paid (note 7)	-	(6,300)
	<hr/>	<hr/>
At end of the year	17,715	7,536
	<hr/>	<hr/>

16 Ultimate parent company and controlling party

Regus Management (UK) Limited is a wholly owned subsidiary of Regus Centres Limited, a company incorporated in Great Britain and registered in England and Wales.

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 or from the Regus plc head office, 26 Boulevard Royal, L-2449 Luxembourg.