



## **Regus Business Centres (UK) Limited**

### **Directors' report and financial statements**

**For the year ended 31 December 1999**

Registered number 2961188

# **Regus Business Centres (UK) Limited**

## **Directors' report and financial statements**

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholders' funds	7
Statement of total recognised gains and losses	7
Statement of historical cost profits and losses	7
Notes	8-15

# **Regus Business Centres (UK) Limited**

## **Directors' report**

The director presents their annual report and the audited financial statements for the year ended 31 December 1999.

### **Principal activities and business review**

On 4 June 1999 the company changed its name from Regus (London) Limited to Regus Business Centres (UK) Limited and began trading as at that date.

The company's principal activity is the provision of serviced offices and related services.

### **Proposed dividend and transfer from reserves**

The directors do not recommend the payment of a dividend. The retained loss for the year of £4,369,000 (1998: £nil) has been transferred from reserves.

### **Directors and directors' interests**

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

MLJ Dixon  
RJG Lobo

None of the directors had interests in the share capital of the company. MLJ Dixon has interests in the shares of the ultimate parent company which is incorporated outside Great Britain.

### **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 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 4 to the financial statements.

# **Regus Business Centres (UK) Limited**

## **Directors' report**

### **Political contributions and charitable donations**

The company made no political or charitable contributions in either 1999 or 1998.

### **Auditors**

As the company is no longer dormant in accordance with the requirements of Section 250 of the Companies Act 1985, KPMG Audit Plc have been appointed as auditors during the year. In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

RJG Lobo  
Secretary

25 May 2000

Northumberland Avenue  
London  
WC2N 5BW

# **Regus Business Centres (UK) Limited**

## **Statement of Directors' 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 Business Centres (UK) Limited

We have audited the financial statements on pages 5 to 15.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

### *Basis of audit 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 the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*ICMME Audit plc*

Chartered Accountants  
Registered Auditor

25 May 2000

# Regus Business Centres (UK) Limited

## Profit and loss account

for the year ended 31 December 1999

	<i>Note</i>	<b>Year ended 31 December 1999 £000</b>	<b>Year ended 31 December 1998 £000</b>
Turnover	<i>1</i>	439	-
Cost of sales		(1,906)	-
<b>Gross loss</b>		<b>(1,467)</b>	-
Administrative expenses		(2,892)	-
<b>Operating loss</b>	<i>2</i>	<b>(4,359)</b>	-
Interest payable and similar charges	<i>3</i>	(10)	-
<b>Loss on ordinary activities before taxation</b>		<b>(4,369)</b>	-
Tax on loss on ordinary activities		-	-
<b>Loss on ordinary activities after taxation</b>		<b>(4,369)</b>	-

All amounts are derived from activities which commenced during the year.

Accounting policy 1 on page 8 explains the presentation of the company's results.

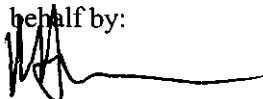
# Regus Business Centres (UK) Limited

## Balance sheet

at 31 December 1999

	Note	1999	1998
		£000	£000
<b>Fixed assets</b>			
Tangible assets	5	1,377	-
<b>Current assets</b>			
Stock		1	-
Debtors	6	278	-
Cash in bank and in hand		267	-
		<u>546</u>	<u>-</u>
<b>Creditors: amount falling due within one year</b>	7	<u>(6,085)</u>	<u>-</u>
<b>Net current (liabilities)</b>		(5,539)	-
<b>Total assets less current liabilities</b>		<u>(4,162)</u>	<u>-</u>
<b>Creditors: amounts falling due after more than one year</b>	8	<u>(207)</u>	<u>-</u>
		<u>(4,369)</u>	<u>-</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	(4,369)	-
<b>Shareholders' funds</b>		<u>(4,369)</u>	<u>-</u>

These financial statements were approved by the board of directors on 25 May 2000 and were signed on its behalf by:



**MLJ Dixon**  
Director



## Regus Business Centres (UK) Limited

### Reconciliation of movements in shareholders' funds for the year ended 31 December 1999

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Loss for the financial year	(4,369)	-
Net reduction in shareholders' funds	(4,369)	-
Shareholders' funds at beginning of period	-	-
Shareholders' funds at the end of the period	(4,369)	-

### Statement of total recognised gains and losses for the year ended 31 December 1999

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Loss for the financial year	(4,369)	-
Total gains and losses recognised since last annual report	(4,369)	-

### Statement of historical cost profits and losses for the year ended 31 December 1999

There is no difference in either period between the results shown in the profit and loss account and their historical cost equivalents.

# Regus Business Centres (UK) 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 under the historical cost accounting rules in accordance with applicable accounting standards.

The going concern basis has been applied since the parent company has indicated its intention to provide continuing financial support.

#### ***Related party transactions***

As the company is a wholly owned subsidiary of Regus Business Centres plc, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

#### ***Turnover***

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

#### ***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	-	5 years
Fixtures and fittings	-	Shorter of the lease term, the first break point of the building lease or 10 years
Telephone & office equipment	-	5 years
Computers / computer software	-	3 years / 2 years
Motor cars	-	4 years

#### ***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.

# Regus Business Centres (UK) Limited

## Notes (continued)

### 1 Accounting policies (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.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Refurbishment*

The terms of most building leases require Regus 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. Accruals for dilapidations are only made when it is known that a dilapidation has occurred.

#### *Cash flow statement*

In accordance with FRS1, a cash flow statement has not been prepared on the grounds that the company is a wholly owned subsidiary undertaking of Regus Business Centres plc, and its cash flows are included within the consolidated cash flow statement of that company.

#### *Leases*

##### i) Finance leases

Where the company enters into a lease for furniture, fittings, equipment or motor cars which entails taking substantially all the risks and rewards of ownership of an asset the lease is treated as a finance lease. This also includes occasions where the company takes interest bearing extended credit from suppliers and certain loans from landlords.

Under all such lease arrangements the asset is recorded in the balance sheet as a tangible asset and is depreciated over the estimated useful life in accordance with the policy described above. Future instalments under such leases, net of finance charges, are included in creditors.

Lease payments are apportioned between the finance element, which is charged to the profit and loss account on a sum of the digits basis, and the capital element, which reduces the outstanding obligation for future instalments.

# Regus Business Centres (UK) Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### ii) Building leases

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 in respect of the period up to the first break point in the lease 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 first break point in the lease. 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 first break point in the lease, so that the amounts charged to the profit and loss account are the same each year over that period.

### 2 Operating profit

	1999 £000	1998 £000
<i>Operating profit is stated after charging:</i>		
Depreciation of tangible fixed assets	60	-
Amounts paid under operating leases:		
Property	617	-
Other assets	9	-
Auditors' remuneration : As auditors	1	-
	<hr/>	<hr/>

### 3 Interest payable and similar charges

	1999 £000	1998 £000
Finance charges payable in respect of finance leases and hire purchase contracts	10	-
	<hr/>	<hr/>

# Regus Business Centres (UK) Limited

## Notes (continued)

### 4 Remuneration of the directors, staff numbers and costs

#### *Directors' remuneration*

The directors received no remuneration from the company during the year.

#### *Staff numbers and costs*

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

	1999 Number	1998 Number
Operations	17	-
	<hr/>	<hr/>
	17	-
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1999 £000	1998 £000
Wages and salaries	116	-
Social security costs	11	-
	<hr/>	<hr/>
	127	-
	<hr/>	<hr/>

# Regus Business Centres (UK) Limited

## Notes (continued)

### 5 Tangible fixed assets

	Computer Equipment £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At beginning of the year	-	-	-
Additions	85	1,352	1,437
	<hr/>	<hr/>	<hr/>
At end of year	85	1,352	1,437
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of the year	-	-	-
Charge for year	8	52	60
	<hr/>	<hr/>	<hr/>
At end of year	8	52	60
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 December 1999</b>	<b>77</b>	<b>1,300</b>	<b>1,377</b>
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 1998	-	-	-
	<hr/>	<hr/>	<hr/>

Included in the total net book value is £267,000 (1998: £nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £18,000 (1998: £nil).

### 6 Debtors

	1999 £000	1998 £000
<i>Amounts falling due within one year:</i>		
Trade debtors	196	-
Prepayments and accrual income	82	-
	<hr/>	<hr/>
	278	-
	<hr/>	<hr/>

# Regus Business Centres (UK) Limited

## Notes (continued)

### 7 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Customer deposits	466	-
Obligations under finance leases and hire purchase agreements	88	-
Amounts owed to parent and fellow subsidiary undertakings	3,888	-
Other creditors: taxation and social security	83	-
Accruals and deferred income	1,560	-
	<u>6,085</u>	<u>-</u>

### 8 Creditors: amounts falling due after more than one year

	1999 £000	1998 £000
Obligations under finance leases and hire purchase agreements	160	-
Accruals and deferred income	47	-
	<u>207</u>	<u>-</u>

The obligations under finance leases and hire purchase agreements are all repayable in instalments falling due in between two and five years time.

# Regus Business Centres (UK) Limited

## Notes (continued)

### 9 Commitments

Capital commitments contracted at the end of the financial year for which no provision has been made amounted to £7,766,000 (1998 : £nil).

Annual commitments in respect of property, vehicles, plant and equipment under non-cancellable operating leases are as follows:

	Property	Vehicle, plant and equipment	1999 Total	1998 Total
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	-	18	18	-
After five years	1,614	-	1,614	-
	<u>1,614</u>	<u>18</u>	<u>1,632</u>	<u>-</u>

### 10 Called up share capital

	1999 £	1998 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>



# Regus Business Centres (UK) Limited

## Notes (continued)

### 11 Profit and loss account

	1999 £000	1998 £000
At beginning of year	-	-
Retained loss for period	(4,369)	-
	<hr/>	<hr/>
At end of year	(4,369)	-
	<hr/>	<hr/>

### 12 Contingent liabilities

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

### 13 Ultimate parent company and controlling party

The ultimate parent company is Maxon Investments BV, a company incorporated in the Netherlands.

Mr MLJ Dixon is considered the ultimate controlling party by virtue of his effective controlling interest in the equity shares of the company via Maxon Investments BV.

The largest and smallest group in which the results of the company are consolidated is that headed by Regus Business Centres plc, a company registered in England and Wales.

The consolidated accounts of this group are available to the public and may be obtained from Regus Business Centres plc, 3000 Hillswood Drive, Hillswood Business Park, Chertsey KT16 0RS.