

Regus Business Centres (UK) Limited

**Directors' report and financial
statements**

Year ended 31 December 2007

Registered number 2961188

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Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Business review and principal activities

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

The results for the company show a pre-tax loss of £260,000 (2006 loss £499,000) for the year and turnover of £67,369,000 (2006 £57,416,000)

Dividends paid

The company paid a dividend of £1,600,000 during the financial year (2006 £nil)

Key performance indicators ("KPIs")

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

	2007	2006	Definition, method of calculation and analysis
Turnover (£ 000)	£67,369	£57,416	Total turnover for the year
Weighted average number of workstations	9,160	9,074	The total number of available workstations expressed as a weighted average
Average occupancy	86.8%	73.7%	Occupied workstations divided by available workstations expressed as a percentage
RLVPOW	£8,473	£8,586	Average revenue per occupied workstation
RLVPAW	£7,355	£6,327	Average revenue per available workstation

Future outlook

Looking ahead in 2008 we will continue 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 on pages 30-31 of 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 Group 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 2007 there was no 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 2007 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 (resigned 18 September 2007, re-appointed 2 November 2007)

RJG Lobo (resigned 18 September 2007)

BN McDonnell (resigned 20 April 2007)

NAL Wood (appointed 16 April 2007, resigned 2 November 2007)

X Walters (appointed 20 April 2007)

ISJD Regan (appointed 2 November 2007)

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 8 to the financial statements

Political contributions and charitable donations

The company made no political or charitable contributions in either 2007 or 2006

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, at 31 December 2007 are 0 (2006: 6)

Directors' report (continued)

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

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Post balance sheet events

On 19 February 2008 the company waived its right to £2,000,000 of the loan to Park Business Centres Limited, a 50% joint venture. The loan was subsequently reduced from £4,399,000 (note 20) to £2,399,000

By order of the Board



X Walters
Secretary

3000 Hillswood Drive
Chertsey
Surrey
KT16 0RS
31 July 2008

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
31 July 2008

Independent auditors' report to the members of Regus Business Centres (UK) Limited

We have audited the financial statements of Regus Business Centres (UK) Limited for the year ended 31 December 2007 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 2007 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

31 July 2008

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	2007 £000	2006 £000
Turnover	<i>1</i>	67,369	57,416
Earnings before interest, tax, depreciation and amortisation		3,940	3,494
Depreciation		(4,225)	(4,021)
Operating loss	<i>4</i>	(285)	(527)
Interest receivable	<i>5</i>	29	30
Interest payable and similar charges	<i>6</i>	(4)	(2)
Loss on ordinary activities before taxation	<i>3</i>	(260)	(499)
Tax on loss on ordinary activities	<i>7</i>	1,136	879
Profit for the financial year	<i>19</i>	876	380

All amounts are derived from continuing activities

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

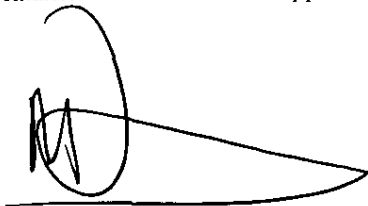
There is no difference between the profits for the current or previous year and their historical cost equivalents

The notes on pages 9 to 17 form part of these financial statements

Balance sheet
at 31 December 2007

	<i>Note</i>	2007	2006
		£000	£000
Fixed assets			
Tangible assets	10	16,848	18,177
Investments	11	-	-
		<u>16,848</u>	<u>18,177</u>
Current assets			
Debtors	12	44,280	43,549
Cash at bank and in hand		1,104	-
		<u>45,384</u>	<u>43,549</u>
Creditors amounts falling due within one year	14	<u>(33,450)</u>	<u>(31,269)</u>
Net current assets		<u>11,934</u>	<u>12,280</u>
Total assets less current liabilities		<u>28,782</u>	<u>30,457</u>
Creditors amounts falling due after more than one year	15	(25,836)	(25,836)
Provisions for liabilities	16	-	(951)
Net assets		<u>2,946</u>	<u>3,670</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	2,946	3,670
Shareholders' funds		<u>2,946</u>	<u>3,670</u>

These financial statements were approved by the board of directors on 31 July 2008 and were signed on its behalf by



MLJ Dixon

Director

Statement of total recognised gains and losses
for the year ended 31 December 2007

	2007 £000	2006 £000
Profit for the financial year	876	380
Total recognised gains and losses relating to the financial year	876	380
Total gains and losses recognised since last annual report	876	380

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2007

	2007 £000	2006 £000
Profit for the financial year	876	380
Ordinary dividend paid	(1,600)	-
(Loss)/profit retained for the financial year	(724)	380
Shareholders' funds at beginning of year	3,670	3,290
Shareholders' funds at end of the year	2,946	3,670

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

The financial statements have been prepared on the going concern basis

Related party transactions

As the company is a wholly owned subsidiary of Regus Group 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

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 Group plc and its cash flows are included within the consolidated cash flow statement of that company

Turnover

Turnover represents the value of services provided to third parties in the year and is exclusive of VAT and similar taxes

Centre income is invoiced two months in advance and is deferred until the month in which the services are provided

Income for other services supplied to clients using centres is charged and recognised in the month in which the related services are provided

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

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 and fittings	- Shorter of the lease term, the first break point of the building lease or 10 years
Computers	- 3 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

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

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 its 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 or a post-tax actuarial basis, and the capital element, which reduces the outstanding obligation for future instalments.

ii) 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 losses before taxation are derived from the provision of serviced offices and related services in the United Kingdom

3 Loss on ordinary activities before taxation

	2007 £000	2006 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	4,225	4,021
Amounts paid under operating leases		
Property	26,990	25,171
Other assets	9	224
Auditors' remuneration	19	19
As auditors	2	2
Other assurance related services	10	6
Other services relating to taxation	9,330	2,768
Management fees	-	2
Loss on disposal of fixed assets	-	-

4 Operating loss

Operating loss is arrived at as follows

	2007 £000	2006 £000
Turnover	67,369	57,416
Cost of sales	(56,718)	(54,285)
Gross profit	10,651	3,131
Administrative expenses	(1,606)	(890)
Management fees	(9,330)	(2,768)
Operating loss	(285)	(527)

5 Interest receivable

	2007 £000	2006 £000
Bank interest	-	30
Other interest receivable	29	-
	29	30

6 Interest payable and similar charges

	2007 £000	2006 £000
Other interest	4	2
	4	2

Notes (continued)

7 Tax on loss on ordinary activities

Analysis of credit in year

	2007 £000	2006 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	(743)
Total current tax	-	(743)
Deferred tax (notes 13 and 16)	(1,136)	(136)
Tax on loss on ordinary activities	(1,136)	(879)

Factors affecting the tax charge for the current year

	2007 £000	2006 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(260)	(499)
Current tax at 30% (2006: 30%)	(78)	(150)
<i>Effects of</i>		
Expenses not deductible for tax purposes	122	109
Capital allowances for period in excess of depreciation	(13)	(219)
Group relief (received)/surrendered (not paid for)	(419)	2,076
Other adjustments – UK – UK transfer pricing	404	(1,816)
Adjustments in respect of prior periods	-	(743)
Utilisation of brought forward losses	(16)	-
Total current tax charge/(credit) (see above)	-	(743)

Tax losses carried forward at the end of the year were £3,897,000 (2006: £nil)

8 Remuneration of the directors, staff numbers and costs

Directors' remuneration

MLJ Dixon is a director of Regus Group 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 their remuneration are disclosed in the accounts of Regus Management (UK) Limited.

Notes (continued)

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

Staff numbers and costs

Regus Management (UK) Limited recharges payroll costs to Regus Business Centres (UK) Limited at cost. The average number of persons employed by Regus Business Centres (UK) Limited and Regus Management (UK) Limited during the year including directors, analysed by category, was as follows:

	2007 Number	2006 Number
Operations	202	158

The aggregate payroll costs of these persons were as follows:

	2007 £000	2006 £000
Wages and salaries	3,704	3,258
Social security costs	328	303
Pension costs	46	49
	4,078	3,610

9 Dividends

	2007 £000	2006 £000
Final dividend paid in respect of the current year	1,600	-
	1,600	-

The aggregate amount of dividends proposed and recognised as liabilities as at the year end is £nil (2006: £nil).

Notes (continued)

10 Tangible fixed assets

	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost			
At beginning of the year	1 452	52 543	53,995
Additions	138	2 757	2,895
Transfers to other group companies	-	2	2
Reclassifications	(42)	42	-
	<hr/>	<hr/>	<hr/>
At end of the year	1 548	55 344	56,892
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of the year	1 340	34 478	35,818
Charge for year	85	4 140	4,225
Transfers to other group companies	-	1	1
Reclassifications	(2)	2	-
	<hr/>	<hr/>	<hr/>
At end of the year	1 423	38,621	40,044
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2007	125	16,723	16,848
	<hr/>	<hr/>	<hr/>
At 31 December 2006	112	18,065	18,177
	<hr/>	<hr/>	<hr/>

11 Fixed asset investments

The company has an investment of £5,000 representing 50% of the ordinary share capital of Park Business Centres Limited a company involved in the provision of serviced office accommodation. The company's investment is carried at nil value (2006: £nil).

12 Debtors

	2007 £000	2006 £000
<i>Amounts falling due within one year</i>		
Trade debtors	7,144	6,385
Amounts owed by fellow subsidiary undertakings	24,211	25,483
Other debtors	15	114
Deferred tax asset (note 13)	185	-
Prepayments and accrued income	8,326	8 168
	<hr/>	<hr/>
	39,881	40,150
<i>Amounts falling due after one year</i>		
Amounts owed by joint venture (note 20)	4,399	3,399
	<hr/>	<hr/>
	44,280	43,549
	<hr/>	<hr/>

Notes (continued)

13 Deferred tax asset

	2007 £000	2006 £000
At beginning of the year	-	-
Credited to the profit and loss for the year	185	-
	<u>185</u>	<u>-</u>
At end of the year	<u>185</u>	<u>-</u>

Deferred tax relates to carried forward tax losses of £3,897,000 (2006 £nil) less accelerated capital allowances of £3,236,000 (2006 £3,170,000)

14 Creditors' amounts falling due within one year

	2007 £000	2006 £000
Unsecured short term loans and overdrafts	-	3,461
Trade creditors	-	875
Customer deposits	11,822	10,444
Amounts owed to parent and fellow subsidiary undertakings	5,227	1,147
Amounts owed to joint venture (note 20)	48	107
Taxation and social security	1,529	1,127
Accruals and deferred income	14,824	14,108
	<u>33,450</u>	<u>31,269</u>

15 Creditors' amounts falling due after more than one year

	2007 £000	2006 £000
Amounts owed to parent and fellow subsidiary undertakings	25,836	25,836
	<u>25,836</u>	<u>25,836</u>

Including £25,836,000 (2006 £25,836,000) falling due after more than five years

16 Provisions for liabilities

	Deferred tax £000	Total £000
At beginning of the year	951	951
Credited to the profit and loss for the year	(951)	(951)
	<u>-</u>	<u>-</u>
At end of the year	<u>-</u>	<u>-</u>

Deferred tax in the prior year related to accelerated capital allowances of £3,170,000

Notes (continued)

17 Commitments

Capital commitments contracted at the end of the financial year for which no provision has been made amounted to £156,000 (2006 £98,000). These relate to capital expenditure across a number of centres with the most significant cost being centre fit-out works.

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

	Property £000	Vehicle, plant and equipment £000	2007 Total £000	2006 Total £000
Operating leases which expire:				
Within one year	-	-	-	3
Within two to five years	700	10	710	440
After five years	23,546	-	23,546	23,669
	<u>24,246</u>	<u>10</u>	<u>24,256</u>	<u>24,112</u>

18 Called up share capital

	2007 £	2006 £
<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>

19 Profit and loss account

	2007 £000	2006 £000
At beginning of the year	3,670	3,290
Profit for the financial year	876	380
Ordinary dividend paid (note 9)	(1,600)	-
	<u>2,946</u>	<u>3,670</u>
At end of the year		

Notes (continued)

20 Related party transactions

During the year, the company entered into the following transactions with Park Business Centres Limited, a 50% joint venture

	2007 £000	2006 £000
<i>Trading account</i>		
Balance payable at start of the year	(107)	(241)
Expenses charged in the year	672	693
Cash received in the year	(613)	(559)
	<hr/>	<hr/>
Payable at end of year (note 14)	(48)	(107)
	<hr/>	<hr/>
<i>Loan balance</i>		
Balance receivable at start of year	3,399	3,399
Amount loaned in year	1,000	-
	<hr/>	<hr/>
Balance receivable at end of year (note 12)	4,399	3,399
	<hr/>	<hr/>

No interest has been charged in the year so as to prevent increasing the losses already suffered by the joint venture

21 Ultimate parent company and controlling party

Regus Business Centres (UK) Limited is a wholly owned subsidiary of Regus Holdings (UK) 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 Group plc. The consolidated accounts of this group are available to the public and may be obtained from Regus Group plc, 3000 Hillwood Drive, Hillwood Business Park, Chertsey KT16 0RS

22 Post balance sheet events

On 19 February 2008 the company waived its right to £2,000,000 of the loan to Park Business Centres Limited, a 50% joint venture. The loan was subsequently reduced from £4,399,000 (note 20) to £2,399,000