

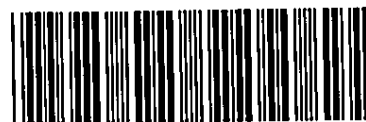
Regus Business Centres (UK) Limited

**Directors' report and financial
statements**

Year ended 31 December 2008

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 2008.

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 £2,430,000 (2007: loss £260,000) for the year and turnover of £67,841,000 (2007: £67,369,000)

Dividends paid

The company paid a dividend of £nil during the financial year (2007: £1,600,000).

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) | £67,841 | £67,369 | Total turnover for the year |
| Weighted average number of workstations | 9,184 | 9,160 | The total number of available workstations expressed as a weighted average |
| Average occupancy | 85.9% | 86.8% | Occupied workstations divided by available workstations expressed as a percentage |
| REVPOW | £8,601 | £8,473 | Average revenue per occupied workstation |
| REVPWA | £7,386 | £7,355 | Average revenue per available workstation |

Future outlook

Looking ahead in 2009 we will seek 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.

Interest rate risk

Details of borrowings are set out in Note 15 to the financial statements. 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 8 to the financial statements.

Political contributions and charitable donations

The company made no political or charitable contributions in either 2008 or 2007.

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 2008 are 1 (2007:0).

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

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.

Post balance sheet events

On 20 February 2009 £1,700,000 of the loan to Park Business Centres Limited, a 50% joint venture, was repaid to the company. The loan was consequently reduced from £2,399,000 (note 21) to £699,000.

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 Business Centres (UK) Limited

We have audited the financial statements of Regus Business Centres (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 loss 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



June 2009

Profit and loss account
for the year ended 31 December 2008

| | <i>Note</i> | 2008 £000 | 2007 £000 |
|---|-------------|----------------------|----------------------|
| Turnover | <i>1</i> | 67,841 | 67,369 |
| Earnings before interest, tax, depreciation and amortisation | | 2,028 | 3,940 |
| Depreciation | | (4,459) | (4,225) |
| Operating loss | <i>4</i> | (2,431) | (285) |
| Interest receivable | <i>5</i> | 9 | 29 |
| Interest payable and similar charges | <i>6</i> | (8) | (4) |
| Loss on ordinary activities before taxation | <i>3</i> | (2,430) | (260) |
| Tax on loss on ordinary activities | <i>7</i> | (39) | 1,136 |
| (Loss)/ profit for the financial year | <i>18</i> | (2,469) | 876 |

All amounts are derived from continuing activities.

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

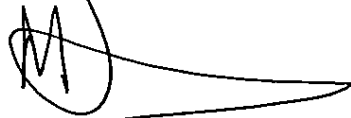
There is no difference between the profits for the current or previous year and their historical cost equivalents.

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

Balance sheet
at 31 December 2008

| | Note | 2008 £000 | 2007 £000 |
|--|------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 10 | 14,149 | 16,848 |
| Investments | 11 | - | - |
| | | <u>14,149</u> | <u>16,848</u> |
| Current assets | | | |
| Debtors | 12 | 28,505 | 44,280 |
| Cash at bank and in hand | | 4 | 1,104 |
| | | <u>28,509</u> | <u>45,384</u> |
| Creditors: amounts falling due within one year | 14 | <u>(29,311)</u> | <u>(31,301)</u> |
| Net current (liabilities)/ assets | | <u>(802)</u> | <u>14,083</u> |
| Total assets less current liabilities | | <u>13,347</u> | <u>30,931</u> |
| Creditors: amounts falling due after more than one year | 15 | <u>(12,870)</u> | <u>(27,985)</u> |
| Net assets | | <u>477</u> | <u>2,946</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | - | - |
| Profit and loss account | 18 | 477 | 2,946 |
| Shareholders' funds | | <u>477</u> | <u>2,946</u> |

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 |
|---|----------------|--------------|
| (Loss)/ profit for the financial year | (2,469) | 876 |
| Total recognised gains and losses relating to the financial year | (2,469) | 876 |
| Total gains and losses recognised since last annual report | (2,469) | 876 |

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

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| (Loss)/ profit for the financial year | (2,469) | 876 |
| Ordinary dividend paid | - | (1,600) |
| (Loss)/ profit retained for the financial year | (2,469) | (724) |
| Shareholders' funds at beginning of year | 2,946 | 3,670 |
| Shareholders' funds at end of the year | 477 | 2,946 |

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 incurred a loss of £2,469k during the year and have net assets of £477k at the year end. The company meets its day to day working capital requirements through loans from group undertakings. The parent company, Regus plc, have indicated that they are willing to provide financial support for the foreseeable future. The financial statements have accordingly been prepared on the 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.

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 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

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

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| <i>Loss on ordinary activities before taxation is stated after charging:</i> | | |
| Depreciation of tangible fixed assets | 4,459 | 4,225 |
| Amounts paid under operating leases: | | |
| Property | 27,422 | 26,990 |
| Other assets | 6 | 9 |
| Auditors' remuneration | 17 | 19 |
| As auditors | 3 | 2 |
| Other assurance related services | | |
| Management fees | 10,480 | 9,330 |
| | <hr/> | <hr/> |

4 Operating loss

Operating loss is arrived at as follows:

| | 2008 £000 | 2007 £000 |
|----------------------------------|--------------|--------------|
| Turnover | 67,841 | 67,369 |
| Cost of sales | (56,393) | (56,718) |
| | <hr/> | <hr/> |
| Gross profit | 11,448 | 10,651 |
| Administrative expenses | (1,399) | (1,606) |
| Administrative expenses – other* | (2,000) | - |
| Management fees | (10,480) | (9,330) |
| | <hr/> | <hr/> |
| Operating loss | (2,431) | (285) |
| | <hr/> | <hr/> |

* During the year, the company waived its right to £2,000,000 of the loan to Park Business Centres Limited, a 50% joint venture.

5 Interest receivable

| | 2008 £000 | 2007 £000 |
|---------------------------|--------------|--------------|
| Other interest receivable | 9 | 29 |
| | <hr/> | <hr/> |
| | 9 | 29 |
| | <hr/> | <hr/> |

6 Interest payable and similar charges

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| Other interest payable | 1 | 4 |
| Amounts payable to parent and fellow subsidiary undertakings | 7 | - |
| | <hr/> | <hr/> |
| | 8 | 4 |
| | <hr/> | <hr/> |

Notes (continued)

7 Tax on loss on ordinary activities

Analysis of charge/ (credit) in year:

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| <i>UK corporation tax</i> | | |
| Current tax on income for the year | - | - |
| Total current tax | - | - |
| <i>Deferred tax (note 13)</i> | | |
| Origination/ reversal of timing differences | (349) | 13 |
| Effect of increased / decreased tax rate | - | (63) |
| Adjustment in respect of previous years | 388 | (1,086) |
| | 39 | (1,136) |
| Tax on loss on ordinary activities | 39 | (1,136) |

Factors affecting the tax charge for the current year:

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| <i>Current tax reconciliation</i> | | |
| Loss on ordinary activities before tax | (2,430) | (260) |
| Current tax at 28.5% (2007: 30%) | (693) | (78) |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 161 | 122 |
| Excess of book depreciation over tax depreciation | 356 | (13) |
| Group relief received (not paid for) | (152) | (419) |
| Other adjustments – UK: UK transfer pricing | 328 | 404 |
| Utilisation of brought forward losses | - | (16) |
| Total current tax charge/(credit) (see above) | - | - |

Tax losses carried forward at the end of the year were £2,499,000 (2007: £3,897,000). On 1st April 2008, the UK corporation tax rate decreased from 30% to 28%.

8 Remuneration of the directors, staff numbers and costs

Directors' remuneration

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 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:

| | 2008 Number | 2007 Number |
|------------|----------------|----------------|
| Operations | 173 | 202 |

The aggregate payroll costs of these persons were as follows:

| | 2008 £000 | 2007 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 3,383 | 3,704 |
| Social security costs | 335 | 328 |
| Pension costs | 37 | 46 |
| | 3,755 | 4,078 |

9 Dividends

| | 2008 £000 | 2007 £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 (2007: £nil)

Notes (continued)

10 Tangible fixed assets

| | Computer equipment £000 | Fixtures and fittings £000 | Total £000 |
|--------------------------|-------------------------------|----------------------------------|---------------|
| <i>Cost</i> | | | |
| At beginning of the year | 1,548 | 55,344 | 56,892 |
| Additions | 68 | 1,692 | 1,760 |
| | <hr/> | <hr/> | <hr/> |
| At end of the year | 1,616 | 57,036 | 58,652 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At beginning of the year | 1,423 | 38,621 | 40,044 |
| Charge for year | 89 | 4,370 | 4,459 |
| | <hr/> | <hr/> | <hr/> |
| At end of the year | 1,512 | 42,991 | 44,503 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 December 2008 | 104 | 14,045 | 14,149 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2007 | 125 | 16,723 | 16,848 |
| | <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 (2007: £nil).

12 Debtors

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| <i>Amounts falling due within one year:</i> | | |
| Trade debtors | 5,652 | 7,144 |
| Amounts owed by fellow subsidiary undertakings | 11,985 | 24,211 |
| Other debtors | 8 | 15 |
| Deferred tax asset (note 13) | 146 | 185 |
| Prepayments and accrued income | 8,315 | 8,326 |
| | <hr/> | <hr/> |
| | 26,106 | 39,881 |
| <i>Amounts falling due after one year:</i> | | |
| Amounts owed by joint venture (note 19) | 2,399 | 4,399 |
| | <hr/> | <hr/> |
| | 28,505 | 44,280 |
| | <hr/> | <hr/> |

Notes (continued)

13 Deferred tax asset

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| At beginning of the year | 185 | - |
| (Charged)/ credited to the profit and loss for the year | (39) | 185 |
| At end of the year | 146 | 185 |

Deferred tax relates to carried forward tax losses of £2,499,000 (2007: £3,897,000), less accelerated capital allowances of £1,974,000 (2007: £3,236,000).

14 Creditors: amounts falling due within one year

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| Trade creditors | 205 | - |
| Customer deposits | 10,948 | 11,822 |
| Amounts owed to parent and fellow subsidiary undertakings | 3,828 | 5,227 |
| Amounts owed to joint venture (note 19) | 101 | 48 |
| Taxation and social security | 984 | 1,529 |
| Accruals and deferred income | 13,245 | 12,675* |
| | 29,311 | 31,301 |

15 Creditors: amounts falling due after more than one year

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| Accruals and deferred income | 1,001 | 2,149* |
| Amounts owed to parent and fellow subsidiary undertakings | 11,869** | 25,836 |
| | 12,870 | 27,985 |

* Prior year balances relating to contributions from landlords have been reclassified from 'Creditors: amounts falling due within one year' to 'Creditors: amounts falling due after more than one year'. As a result, the prior year accruals and deferred income due within one year have decreased by £2,149,000, and the prior year accruals and deferred income falling due after more than one year have increased by £2,149,000.

** Included within this balance is a £4,000,000 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%.

Notes (continued)

16 Commitments

Capital commitments contracted at the end of the financial year for which no provision has been made amounted to £131,000 (2007: £156,000). 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 | Vehicle, plant and equipment | 2008 Total | 2007 Total |
|--------------------------------|---------------|------------------------------------|---------------|---------------|
| | £000 | £000 | £000 | £000 |
| Operating leases which expire: | | | | |
| Within one year | - | - | - | - |
| Within two to five years | 700 | 6 | 706 | 710 |
| After five years | 23,603 | 31 | 23,634 | 23,546 |
| | <u>24,303</u> | <u>37</u> | <u>24,340</u> | <u>24,256</u> |

17 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> |

18 Profit and loss account

| | 2008 £000 | 2007 £000 |
|---------------------------------------|--------------|--------------|
| At beginning of the year | 2,946 | 3,670 |
| (Loss)/ profit for the financial year | (2,469) | 876 |
| Ordinary dividend paid (note 9) | - | (1,600) |
| | <u>477</u> | <u>2,946</u> |
| At end of the year | | |

Notes (continued)

19 Related party transactions

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

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| <i>Trading account</i> | | |
| Balance payable at start of the year | (48) | (107) |
| Expenses charged in the year | 682 | 672 |
| Cash received in the year | (735) | (613) |
| | <hr/> | <hr/> |
| Payable at end of year (note 14) | (101) | (48) |
| | <hr/> | <hr/> |
| <i>Loan balance</i> | | |
| Balance receivable at start of year | 4,399 | 3,399 |
| Amount loaned in year | - | 1,000 |
| Amount waived in year | (2,000) | - |
| | <hr/> | <hr/> |
| Balance receivable at end of year (note 12) | 2,399 | 4,399 |
| | <hr/> | <hr/> |

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

20 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 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.

21 Post balance sheet events

On 20 February 2009 £1,700,000 of the loan to Park Business Centres Limited, a 50% joint venture, was repaid to the company. The loan was consequently reduced from £2,399,000 (note 19) to £699,000.