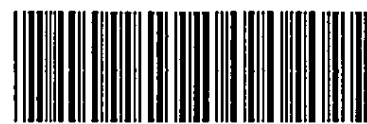


REGISTERED NUMBER: 02961192 (England and Wales)

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2010
for
Regus City Limited**



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for the Year Ended 31 December 2010

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Regus City Limited

Company Information *for the Year Ended 31 December 2010*

DIRECTORS:

MLJ Dixon
TSJD Regan
PDE Gibson

REGISTERED OFFICE:

3000 Hillswood Drive
Chertsey
Surrey
KT16 0RS

REGISTERED NUMBER:

02961192 (England and Wales)

AUDITORS:

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

Regus City Limited (Registered number: 02961192)

Report of the Directors

for the Year Ended 31 December 2010

The directors present their report with the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The results for the company show a pre-tax loss of £(595,000) (2009 £(546,000) loss) for the year and turnover of £2,873,000 (2009 £3,058,000)

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

MLJ Dixon
TSJD Regan

Other changes in directors holding office are as follows

PDE Gibson was appointed as a director after 31 December 2010 but prior to the date of this report

X Walters ceased to be a director after 31 December 2010 but prior to the date of this report

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions in either the year ending 31 December 2010 or 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Regus City Limited (Registered number: 02961192)

Report of the Directors

for the Year Ended 31 December 2010

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:



TSJD Bogan - Director

14 October 2011

Report of the Independent Auditors to the Shareholders of Regus City Limited

We have audited the financial statements of Regus City Limited for the year ended 31 December 2010 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Jon D'Arcy (Senior Statutory Auditor)
~~for and on behalf of KPMG~~

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

14 October 2011

Regus City Limited (Registered number: 02961192)

Profit and Loss Account
for the Year Ended 31 December 2010

	Notes	2010 £'000	2009 £'000
TURNOVER	2	2,873	3,058
Cost of sales		<u>3,237</u>	<u>3,304</u>
GROSS LOSS		(364)	(246)
Administrative expenses		<u>184</u>	<u>300</u>
OPERATING LOSS	4	(548)	(546)
Interest receivable and similar income	5	2	4
Interest payable and similar charges	6	<u>(49)</u>	<u>(4)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(595)	(546)
Tax on loss on ordinary activities	7	<u>(20)</u>	<u>20</u>
LOSS FOR THE FINANCIAL YEAR		<u>(575)</u>	<u>(566)</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

NOTE OF HISTORICAL COST PROFITS AND LOSSES

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

The notes on pages 7 to 13 form part of these financial statements

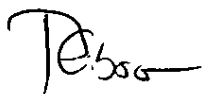
Regus City Limited (Registered number: 02961192)

Balance Sheet

31 December 2010

	Notes	2010 £'000	£'000	2009 £'000	£'000
FIXED ASSETS					
Tangible assets	8		368		483
CURRENT ASSETS					
Debtors	9	1,267		1,888	
Cash at bank		-		87	
		<u>1,267</u>		<u>1,975</u>	
CREDITORS					
Amounts falling due within one year	10	<u>1,882</u>		<u>2,130</u>	
NET CURRENT LIABILITIES			<u>(615)</u>		<u>(155)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(247)</u>		<u>328</u>
CAPITAL AND RESERVES					
Called up share capital	12		-		-
Profit and loss account	13		<u>(247)</u>		<u>328</u>
SHAREHOLDERS' FUNDS	16		<u>(247)</u>		<u>328</u>

These financial statements were approved by the Board of Directors on 14 October 2011 and were signed on its behalf by



PDE Gibson - Director

The notes on pages 7 to 13 form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2010

1 ACCOUNTING POLICIES

Basis of preparation

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

Accounting convention

The financial statements have been prepared under the historical cost convention

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 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 company has met its obligations under its services contract

Tangible fixed assets and depreciation

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

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

Taxation

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

1 ACCOUNTING POLICIES - continued

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 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

Going concern

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

Related party transactions

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

Start-up costs

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

Refurbishment

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

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

2 TURNOVER

All results are derived from the provision of serviced offices and related services in the United Kingdom

Regus City Limited (Registered number: 02961192)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

3 STAFF COSTS

	2010 £'000	2009 £'000
Wages and salaries	156	185
Social security costs	12	18
Other pension costs	1	-
	<u>169</u>	<u>203</u>

The average monthly number of employees during the year was as follows

	2010	2009
Operations	<u>8</u>	<u>7</u>

Regus Management (UK) Limited recharges the payroll costs to Regus City Limited at cost

4 OPERATING LOSS

The operating loss is stated after charging

	2010 £'000	2009 £'000
Operating leases - property	1,400	1,412
Depreciation - owned assets	228	351
Operating leases - other assets	-	2
	<u>-</u>	<u>2</u>
	2010	2009
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

Amounts paid to the company's auditor in respect of services to the company have been paid for by Regus Management (UK) Limited. Details of auditor's remuneration are disclosed in the accounts of Regus Management (UK) Limited.

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 director is also a director of other subsidiaries of the Regus (UK) group of companies. As it is not practicable to allocate their remuneration between services as director of each of these subsidiaries, details of their remuneration are disclosed in the accounts of Regus Management (UK) Limited.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Interest receivable from parent and fellow subsidiary undertakings	<u>2</u>	<u>4</u>

Regus City Limited (Registered number: 02961192)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Interest payable to parent and fellow subsidiary undertakings	<u>49</u>	<u>4</u>

7 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	2010 £'000	2009 £'000
Current tax		
Corporation tax - prior year	<u>(122)</u>	<u>122</u>
Deferred tax		
Deferred tax - current year	91	(38)
Deferred tax - prior year	<u>11</u>	<u>(64)</u>
Total deferred tax	<u>102</u>	<u>(102)</u>
Tax on loss on ordinary activities	<u>(20)</u>	<u>20</u>

Factors affecting the tax (credit)/charge

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

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	<u>(595)</u>	<u>(546)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(167)	(153)
Effects of		
Expenses not deductible for tax purposes	7	2
Depreciation in excess of capital allowances	11	38
Group relief surrendered	150	-
Other adjustments - UK UK transfer pricing	-	44
Losses of the current period not relieved	-	69
Adjustments to tax charge in respect of prior periods	(122)	122
Movement in short term timing differences	<u>(1)</u>	<u>-</u>
Current tax (credit)/charge	<u>(122)</u>	<u>122</u>

The company has tax losses carried forward of £nil (2009 £245,000) and accelerated capital allowances of £99,000 (2009 £102,000). These amounts have not been recognised in deferred tax.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST			
At 1 January 2010	3,712	59	3,771
Additions	108	5	113
Disposals	(2)	-	(2)
At 31 December 2010	<u>3,818</u>	<u>64</u>	<u>3,882</u>
DEPRECIATION			
At 1 January 2010	3,231	57	3,288
Charge for year	225	3	228
Eliminated on disposal	(2)	-	(2)
At 31 December 2010	<u>3,454</u>	<u>60</u>	<u>3,514</u>
NET BOOK VALUE			
At 31 December 2010	<u>364</u>	<u>4</u>	<u>368</u>
At 31 December 2009	<u>481</u>	<u>2</u>	<u>483</u>

9 DEBTORS

	2010 £'000	2009 £'000
Amounts falling due within one year		
Trade debtors	317	519
Amounts owed by group undertakings	316	806
Corporation tax	122	-
VAT	1	1
Prepayments and accrued income	511	460
	<u>1,267</u>	<u>1,786</u>
Amounts falling due after more than one year		
Deferred tax	-	102
Aggregate amounts	<u>1,267</u>	<u>1,888</u>

Regus City Limited (Registered number: 02961192)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£'000	£'000
Trade creditors	26	3
Amounts owed to group undertakings *	1,202	1,377
Accruals and deferred income	654	750
	<u>1,882</u>	<u>2,130</u>

* Included within this balance is a £1,179,000 loan from Regus No1 SARL (2009 £1,179,000) The lender has a first ranking floating charge over the company's assets Interest is paid on the loan at LIBOR plus 6 42%

11 OPERATING LEASE COMMITMENTS

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

	Property		Vehicle, plant & equipment	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Expiring				
Between one and five years	1,406	1,406	-	-
In more than five years	-	-	-	2
	<u>1,406</u>	<u>1,406</u>	<u>-</u>	<u>2</u>

12 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

13 RESERVES

	Profit and loss account £'000
At 1 January 2010	328
Deficit for the year	<u>(575)</u>
At 31 December 2010	<u>(247)</u>

Regus City Limited (Registered number: 02961192)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

14 ULTIMATE PARENT COMPANY

Regus City Limited is a wholly owned subsidiary of Regus Group 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

15 CAPITAL COMMITMENTS

	2010	2009
	£'000	£'000
Contracted but not provided for in the financial statements	13	-

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£'000	£'000
Loss for the financial year	(575)	(566)
Net reduction of shareholders' funds	(575)	(566)
Opening shareholders' funds	328	894
Closing shareholders' funds	(247)	328