

Company Registration No. 03727484 (England and Wales)

Managed Office Solutions Holdings Limited
Directors' Report and Financial Statements
For the Year Ended 31 December 2018



MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

TSJD Regan
R Robertson
K Dann (Appointed 15 January 2019)

COMPANY NUMBER

03727484 (England and Wales)

REGISTERED OFFICE

68 King William Street
London
England
EC4N 7DZ

AUDITORS

KPMG
Chartered Accountants and Statutory Auditor
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

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MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The loss for the financial year was £19,000 (2017: loss of £18,000). The directors resolved and paid a dividend of £nil in 2018 (2017: £750,000).

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 IWG group as a whole, is provided in the group's annual report which does not form part of this report.

FUTURE DEVELOPMENTS

The company is a holding company and its subsidiaries are involved in procuring and facilitating the letting of managed office space. Details of the subsidiary undertakings are given in the note 5 to the financial statements. The directors do not anticipate any significant changes to future financial performance in the foreseeable future.

DIRECTORS

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

TSJD Regan

R Robertson

K Dann

(Appointed 15 January 2019)

POLITICAL CONTRIBUTIONS

The Company made no political contributions in 2018 (2017: £nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

SMALL COMPANY EXEMPTION

In preparing the Directors' Report, the directors have taken the small companies exemption under section 414B of the Companies Act 2006 not to prepare a Strategic Report.

STATEMENT OF DISCLOSURE TO AUDITOR

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

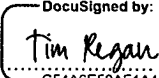
Pursuant to section 487 of the Companies Act 2006, the auditors, KPMG, will be deemed to be reappointed and therefore continue in office.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board

DocuSigned by:

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TSJD Regan
Director
Date: 23rd September 2019

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

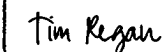
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 FRS 101 Reduced Disclosure Framework. 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 its profit or loss 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 requirements of the Companies Act 2006.

On behalf of the board

DocuSigned by:

CS4A6E50AF1A439..
TSJD Regan
Director
.....



KPMG
Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of Managed Office Solutions Holdings Limited

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Managed Office Solutions Holdings Limited ('the Company') for the year ended 31 December 2018, which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;



Independent auditor's report to the members of Managed Office Solutions Holdings Limited (continued)

- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in regard to these matters.

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

Our 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 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.

Tom McEvoy (Senior Statutory Auditor)
for and on behalf of KPMG
Chartered Accountants and Statutory Auditor

The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

26 September 2019

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Interest payable and similar expenses	2	(19)	(18)
LOSS BEFORE TAXATION	3	(19)	(18)
Tax on loss	4	-	-
LOSS FOR THE FINANCIAL YEAR		(19)	(18)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(19)	(18)

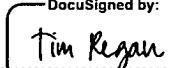
The notes set out on pages 9 to 16 form part of these financial statements.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Investments	5	239	239
CURRENT ASSETS			
Debtors	6	640	640
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	7	369	350
NET CURRENT ASSETS		<u>271</u>	<u>290</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>510</u>	<u>529</u>
CAPITAL AND RESERVES			
Share capital	8	1	1
Profit and loss reserves		<u>509</u>	<u>528</u>
SHAREHOLDERS FUNDS		<u>510</u>	<u>529</u>

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

The financial statements were approved by the board of directors and authorised for issue on 23rd September 2019 and are signed on its behalf by:

DocuSigned by:

 TSJD Regan
 Director

Company Registration No. 03727484 (England and Wales)

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2017	1	1,296	1,297
Changes in equity			
Total comprehensive income for the year	-	(18)	(18)
Dividends - transactions with owners recorded directly in equity	-	(750)	(750)
Balance at 31 December 2017	1	528	529
Changes in equity			
Total comprehensive income for the year	-	(19)	(19)
Balance at 31 December 2018	1	509	510

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

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES

Company information

Managed Office Solutions Holdings Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes the amendment where necessary. In order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemption has been taken.

The Company's ultimate parent undertaking, IWG plc includes the Company in its consolidated financial statements. The consolidated financial statements of IWG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company's website www.iwgplc.com or from IWG plc head office, Dammstrasse 19, CH-6300, Zug, Switzerland.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosure in respect of capital management;
- Disclosure in respect of compensation of Key Management Personnel;
- Disclosure of transactions with a management entity that provides key management personnel services to the Company; and
- The effects of new but not yet effective IFRS's.

As the consolidated financial statements of IWG plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair value measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Management have assessed that there are no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

Measurement Convention

The financial statements are prepared on the historical cost basis.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (Continued)

Changes in accounting policies

The Company has changed its accounting policies in these financial statements in the areas outlined below.

The following standards were adopted by the Company in these financial statements:

- IFRS 15: Revenue from Contract with Customers
- IFRS 9: Financial Instruments

The accounting policies set out above have been applied consistently to all periods presented in these financial statements. Amendments to adopted IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with an effective date from 1 January 2018 did not have a material effect on the Company's financial statements.

Impact of the adoption of IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The company has no revenue in either the current or prior period. Therefore, the application of IFRS 15 did not result in any material impact on the company.

Impact of the adoption of IFRS 9 – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised costs, fair value through other comprehensive income (OCI) and fair value through the profit or loss. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The new classification requirements didn't have a material impact on any of the Company's accounting balances.

Impact of the adoption of IFRS 9 – financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at fair value through the profit or loss are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- The amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- The remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at fair value through the profit or loss and it has no current intention to do so. The Company's adoption of IFRS 9 did not result in any change in the classification of financial liabilities at 1 January 2018. Consequently, there were no adjustments to be recognised in either the income statement or other comprehensive income.

Going concern

The company is a holding company and its subsidiaries are involved in procuring and facilitating the letting of managed office space and future developments of the company are set out in the Report of the Directors on page 1. 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.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (Continued)

Financial instruments (policy applicable from 1 January 2018)

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement – financial assets

Financial assets are classified as subsequently measured at amortised cost, fair value through the profit or loss or fair value through other comprehensive income (OCI). The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Financial assets (including trade and other receivables) are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Financial assets (including trade and other receivables) are measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement and gains and losses

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest bearing borrowings and other financial liabilities

Financial liabilities, including interest bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or expired.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (Continued)

Financial instruments (policy applicable from 1 January 2018) (continued)

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in the income statement. The Company has not designated any financial liabilities at fair value through the profit or loss and it has no current intention to do so.

Impairment – financial assets

IFRS 9 requires the Company to record expected credit losses (ECLs) on all of its financial instruments, either on a 12-month or lifetime basis. The Company applied the simplified approach to trade receivables and recorded the lifetime expected losses.

Financial instruments (policy applicable prior to 1 January 2018)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (Continued)

Financial instruments (policy applicable prior to 1 January 2018) (continued)

Impairment of Non-financial assets excluding deferred tax assets

The carrying amounts of the Company's non-financial assets, other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised.

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 ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Investment in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£'000	£'000
Interest payable to group undertakings	<u>19</u>	<u>18</u>

3 LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

Auditor's remuneration of £1,025 (2017: £1,000) is borne by IW Group Services (UK) Limited.

Directors' remuneration is borne by an affiliated company within the IWG plc group without recharge.

4 TAXATION

The company is resident in the UK for tax purposes. There is no tax charge for the year (2017: £nil).

Tax reconciliation

The current tax charge differs from the amount obtained by the application of the standard rate of corporation tax in the UK to the Company's accounting profit before taxation for the following reasons:

Reconciliation of effective tax rate

	2018	2017
	£'000	£'000
Loss on ordinary activities before taxation	<u>(19)</u>	<u>(18)</u>
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	(4)	(4)
Effects of:		
Group relief surrendered for no payment	<u>4</u>	<u>4</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

Factors affecting future tax charges:

Reduction in the UK Corporation tax rate to 18% (effective 1 April 2020) was enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following enactment on 15 September 2016. It is expected that this graduated fall in the main corporation tax rate will result in a reduction of the company's future tax charges.

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 INVESTMENTS

	Shares in group undertakings
	£'000
Cost or valuation	
At 1 January 2018 and 31 December 2018	<u>239</u>
Net book value	
At 31 December 2018	<u>239</u>
At 31 December 2017	<u>239</u>

The company's principal investments in subsidiaries comprise:

Direct subsidiary shareholding	Business Activity	Address of registered office	Class and percentage of shares held
Managed Office Solutions Limited	Management Services	UK	100% ordinary shares
MOS City Limited (*)	Serviced office provider	UK	100% ordinary shares
MOS Haymarket Limited (*)	Serviced office provider	UK	100% ordinary shares
MOS Paddington Limited (*)	Serviced office provider	UK	100% ordinary shares

Companies marked with a (*) were held indirectly by the Company.

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed by fellow group undertakings	<u>640</u>	<u>640</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to fellow group undertakings	<u>369</u>	<u>350</u>

8 SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid:		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

MANAGED OFFICE SOLUTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of IWG plc, a company incorporated in Jersey with its place of central administration (head office) in Switzerland. The immediate parent undertaking is Regus Group Limited.

The largest group in which the results of the Company are consolidated is that headed by IWG plc, a company incorporated in Jersey. The smallest group in which they are consolidated is that headed by IWG Global Investments Sarl incorporated, registered and domiciled in Luxembourg. The consolidated accounts of IWG plc are available to the public and may be obtained from the website www.iwgplc.com.

10 EVENTS AFTER THE REPORTING PERIOD

There were no events since the balance sheet date that would require adjustment or disclosure in the financial statements.