REGISTERED NUMBER: 05512549 (England and Wales)

Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31 December 2016

for

MWB Business Exchange Centres Limited

Contents of the Financial Statements
for the Year Ended 31 December 2016

MWB Business Exchange Centres Limited

Company Information
for the Year Ended 31 December 2016

DIRECTORS:	C Donne TSJD Regan
REGISTERED OFFICE:	1 Burwood Place London W2 2UT
REGISTERED NUMBER:	05512549 (England and Wales)
AUDITORS:	KPMG Chartered Accountants and Statutory Auditor Stokes House 17-25 College Square East Belfast BT1 6DH

MWB Business Exchange Centres Limited (Registered number: 05512549)

Strategic Report
for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

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 profit of £8,260,000 (2015: £7,588,000 profit) for the year and turnover of £78,593,000 (2015: £86,149,000).

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 to identify, manage and mitigate business risks. Risk assessment and evaluation is an essential part of the 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 IWG 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 IWG 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 2016 there was £12,966,000 (2015: £11,473,000) of amounts on loan from parent and fellow subsidiary companies. Interest is charged on loans from group companies at commercial rates of interest.

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
There were no derivative financial instruments outstanding at 31 December 2016 or 31 December 2015.

Strategic Report
for the Year Ended 31 December 2016

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 IWG 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 principal 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.

BY ORDER OF THE BOARD:

DocuSigned by:
Tim Regan
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TSJD Regan - Director

Date: 18 September 2017

Report of the Directors
for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS
No dividends were paid or proposed for either the year ended 31 December 2016 or the year ended 31 December 2015.

FUTURE DEVELOPMENTS
The directors are cautiously optimistic about future financial performance. The company continues to benefit from being part of the IWG plc group, and expects to continue to drive occupancy improvements through higher enquiries and conversion levels. Costs continue to be monitored closely and will be managed at a level which ensures they remain appropriate for forecast activity levels.

TRANSFER OF SHARES
The shares of the company were transferred from MWB Business Exchange Limited to Umbrella Holdings S.A.R.L on 31 October 2016.

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.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

C Donne
TSJD Regan

POLITICAL CONTRIBUTIONS
The company made no political contributions in either the year ended 31 December 2016 or the year ended 31 December 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including 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 the profit or loss of the Company for that year. 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 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 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.

Report of the Directors
for the Year Ended 31 December 2016

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 or she ought to have taken as a director in order to make himself or herself 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.

BY ORDER OF THE BOARD:

DocuSigned by:
Tim Regan
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TSJD Regan - Director

Date: 18 September 2017

KPMG
Audit
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent Auditors' Report to the Members of MWB Business Exchange Centres Limited

We have audited the financial statements of MWB Business Exchange Centres Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified
In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2. Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below
In our opinion the information given in the Strategic Report and Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and Directors' report:
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

3. We have nothing to report in respect of matters on which we are required to report by exception
Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

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.

We have nothing to report in respect of the above responsibilities.

KPMG

Independent Auditors' Report to the Members of MWB Business Exchange Centres Limited
(continued)

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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 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

Tom McEvoy (Senior Statutory Auditor)
for and on behalf of KPMG
Chartered Accountants and Statutory Auditor
Stokes House
17-25 College Square East
Belfast
BT1 6DH

Date: 18 September 2017

MWB Business Exchange Centres Limited (Registered number: 05512549)

Profit and Loss Account and Other Comprehensive Income
for the Year Ended 31 December 2016

	Notes	2016 Continuing £'000	2016 Discontinued £'000	2016 Total £'000
TURNOVER	2	78,593	-	78,593
Cost of sales		(59,864)	-	(59,864)
GROSS PROFIT		18,729	-	18,729
Administrative expenses		(12,447)	-	(12,447)
OPERATING PROFIT		6,282	-	6,282
Exceptional items	4	3,016	-	3,016
		9,298	-	9,298
Interest receivable and similar income	5	5	-	5
Interest payable and similar expenses	6	(1,043)	-	(1,043)
PROFIT BEFORE TAXATION	7	8,260	-	8,260
Tax on profit	8	-	-	-
PROFIT FOR THE FINANCIAL YEAR		8,260	-	8,260
OTHER COMPREHENSIVE INCOME				-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				8,260

The notes on pages 13 to 23 form part of these financial statements

MWB Business Exchange Centres Limited (Registered number: 05512549)

Profit and Loss Account and Other Comprehensive Income
for the Year Ended 31 December 2016

	Notes	2015 Continuing £'000	2015 Discontinued £'000	2015 Total £'000
TURNOVER	2	81,703	4,446	86,149
Cost of sales		(61,009)	(1,649)	(62,658)
GROSS PROFIT		20,694	2,797	23,491
Administrative expenses		(15,672)	-	(15,672)
OPERATING PROFIT		5,022	2,797	7,819
Interest payable and similar expenses	6	(231)	-	(231)
PROFIT BEFORE TAXATION	7	4,791	2,797	7,588
Tax on profit	8	(2,635)	-	(2,635)
PROFIT FOR THE FINANCIAL YEAR		2,156	2,797	4,953
OTHER COMPREHENSIVE INCOME				-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				4,953

The notes on pages 13 to 23 form part of these financial statements

MWB Business Exchange Centres Limited (Registered number: 05512549)

Balance Sheet
31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
FIXED ASSETS					
Intangible assets	10		**8,977**		8,977
Tangible assets	11		**-**		16,165
			8,977		25,142
CURRENT ASSETS					
Debtors	12	**40,070**		50,186	
Cash in hand		**-**		11	
		40,070		50,197	
CREDITORS					
Amounts falling due within one year	13	**45,500**		59,683	
NET CURRENT LIABILITIES			**(5,430)**		(9,486)
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,547**		15,656
PROVISIONS FOR LIABILITIES	15		**878**		411
NET ASSETS			**2,669**		15,245
CAPITAL AND RESERVES					
Share Capital	16		**-**		24,000
Profit and loss account			**2,669**		(8,755)
SHAREHOLDER FUNDS			**2,669**		15,245

These financial statements were approved by the Board of Directors on 18 September 2017 and were signed on its behalf by:

DocuSigned by:
Tim Regan
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TSJD Regan - Director

The notes on pages 13 to 23 form part of these financial statements

MWB Business Exchange Centres Limited (Registered number: 05512549)

Statement of Changes in Equity
for the Year Ended 31 December 2016

	Share Capital £'000	Profit and loss account £'000	Capital reduction reserve £'000	Total equity £'000
Balance at 1 January 2015	24,000	(13,708)	-	10,292
Changes in equity				
Total comprehensive income	-	4,953	-	4,953
Balance at 31 December 2015	24,000	(8,755)	-	15,245
Changes in equity				
Cancellation of ordinary share capital	(24,000)	-	24,000	-
Dividends – transactions with owners recorded directly in equity	-	3,164	(24,000)	(20,836)
Total comprehensive income	-	8,260		8,260
Balance at 31 December 2016	-	2,669	-	2,669

The notes on pages 12 to 22 form part of these financial statements

MWB Business Exchange Centres Limited (Registered number: 05512549)

Notes to the Financial Statements
for the Year Ended 31 December 2016

1. **ACCOUNTING POLICIES**

Basis of preparation
MWB Business Exchange Centres Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued in September 2015.

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 exemptions 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 plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Company's website www.regus.com or from IWG plc registered office, 22 Grenville Street, St Helier, Jersey, JE4 8PX.

FRS101 - Reduced Disclosure Exemptions
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, and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures 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 IFRSs.

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 Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these 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.

Going concern
The company's principal activity is the provision of serviced offices and related services and future developments of the company are set out in the Report of the Directors on page 4. 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.

1. **ACCOUNTING POLICIES - continued**

Turnover
Revenue from the provision of services to customers is measured at the fair value of consideration received or receivable (excluding sales taxes). Where rent free periods are granted to customers, rental income is spread on a straight-line basis over the length of the customer contract.

Workstations
Workstation revenue is recognised when the provision of the service is rendered. Amounts invoiced in advance are deferred and recognised as revenue upon provision of the service.

Customer service income
Service income (including the rental of meeting rooms) is recognised as services are rendered. In circumstances where the Company acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognised as revenue.

Management fees
Fees received for the provision of initial and subsequent services are recognised as revenue as the services are rendered. Fees charged for other services provided during the period of the agreement are recognised as revenue as the services are provided.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Fixtures and fittings - straight line over 5 to 10 years
Computer equipment - straight line over 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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: the 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.

1. **ACCOUNTING POLICIES - continued**

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, 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 excluding deferred tax assets

Financial assets (including trade and other debtors)

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.

1. **ACCOUNTING POLICIES - continued**

Impairment excluding deferred tax assets - continued
Non-financial 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.

Provisions

Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Provision is made for onerous contracts to the extent that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be delivered, discounted using an appropriate weighted average cost of capital.

Dilapidations
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.

Employee Benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1. **ACCOUNTING POLICIES - continued**

Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure

Exceptional items
The company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

2. **TURNOVER**

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

3. **EMPLOYEES AND DIRECTORS**

IW Group Services (UK) Limited (formerly Regus Management (UK) Limited) recharges the payroll costs to MWB Business Exchange Centres Limited at cost.

Neither C Donne nor TSJD Regan received any remuneration in relation to their services to the company.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

4. EXCEPTIONAL ITEMS

	2016	2015
	£'000	£'000
Gain on settlement of legal dispute	**2,794**	-
Loss on disposal of tangible fixed assets	**(21)**	-
Revision to consideration received in the prior year	**(13)**	-
Profit on disposal of centres/subsidiaries	**256**	1,051
	3,016	1,051

Profit on disposal of centres/subsidiaries

	2016	2015
	£'000	£'000
Consideration received	**547**	2,131
Tangible assets disposed of	**291**	1,080
Profit on disposal of centres/subsidiaries	**256**	1,051

On 27 September 2013 MWB Business Exchange Centres Limited ("the Seller") entered into a Sale and Purchase Agreement with Regus Estates (UK) Limited ("the Purchaser"), in which the Seller agreed to sell its subsidiaries and 64 business centres, operating from various leasehold properties, to the Purchaser (or, at the Purchaser's choice, to wholly owned subsidiaries of the Purchaser on a Centre by Centre basis) for a consideration of £35,000,000. Of the 64 business centres, 45 of the business centres are directly operated by the Seller and the remaining 19 business centres are operated by a direct or indirect subsidiary of the Seller.

On 27 September 2013 the Purchaser paid an initial consideration of £14,766,000 being the full purchase price of the Subsidiaries (£10,391,000) and an advance amount in relation to 8 centres (£4,375,000). The advance amount received by the Seller of £4,375,000 had been deferred in the prior year, to be recognised upon completion. Of this £547,000 was recognised in the current year as consideration received and £256,000 released as a profit on disposal. Completion of this agreement in respect of any Centre is conditional on the assignment of the company's lease(s) referable to that Centre, all of which require consent to the assignment from each respective landlord. As landlords' consents in respect of the transfer of Centres are received, and completion in respect of such Centres takes place, the Purchaser will pay further sums to the Seller of £546,875 per Centre, representing a pro rata amount of the outstanding purchase price under the Sale and Purchase Agreement. Each Centre completion will take place as the relevant landlord's consent is received, but with an economic effect from 1 January in the calendar year in which completion takes place for that Centre.

At the date of approval of this report, 9 of 45 centres closed prior to completion of their transfer. Completion has been achieved on 8 of the remaining 36 centres being purchased.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£'000	£'000
Interest receivable from parent and fellow subsidiary undertakings	**5**	-

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£'000	£'000
Interest payable to parent and fellow subsidiary undertakings	1,043	229
Other interest payable	-	2
	1,043	231

7. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Operating leases - property	27,205	28,002
Depreciation - owned assets	5,292	6,119

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

8. TAXATION

Analysis of tax expense

	2016	2015
	£'000	£'000
Deferred tax - prior year	-	2,635
Total tax expense in profit and loss account and other comprehensive income	-	2,635

8. TAXATION - continued

Factors affecting the tax expense
The tax assessed for the year is lower (2015 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £'000	2015 £'000
Profit before income tax	**8,260**	7,588
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	**1,652**	1,537
Effects of:		
Depn in excess of capital allowances	**1,059**	1,148
Group relief received not paid for	**(2,113)**	(942)
(Income not taxable) / Expenses not deductible for tax purposes	**(544)**	(9)
Other timing differences	**(54)**	5
Profits of prior periods not previously assessed	-	(1,739)
Deferred tax movement	-	2,635
Tax expense	-	2,635

Factors that may affect future and total tax charges
Reductions in the UK Corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantive enactment on 6 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.

The company has decelerated capital allowances of £20,567,000 (2015: £15,355,000) and other short term timing differences of £(26,000) (2015: £Nil) for which no deferred tax asset has been recognised, on the basis that there is uncertainty with regard to the timing of future taxable profits.

9. DIVIDENDS

	2016 £'000	2015 £'000
Final	**20,836**	-

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

10. INTANGIBLE FIXED ASSETS

	Goodwill £'000
CARRYING VALUE	
At 1 January 2016 and 31 December 2016	8,977

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST			
At 1 January 2016	58,248	595	58,843
Additions	3,461	163	3,624
Disposals	(61,616)	(758)	(62,374)
Reclassification/transfer	(1)	-	(1)
At 31 December 2016	92	-	92
DEPRECIATION			
At 1 January 2016	42,191	487	42,678
Charge for year	5,171	121	5,292
Eliminated on disposal	(47,270)	(608)	(47,878)
At 31 December 2016	92	-	92
NET BOOK VALUE			
At 31 December 2016	-	-	-
At 31 December 2015	16,057	108	16,165

All tangible fixed assets are owned by the company.

The net book value of tangible fixed assets includes £0 (2015 - £(11,900)) in respect of assets held under hire purchase contracts or finance leases.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade debtors	8,240	10,395
Amounts owed by group undertakings	21,002	27,222
Other debtors	683	607
Prepayments and accrued income	10,145	11,962
	40,070	50,186

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Trade creditors	175	1,532
Customer deposits	-	(1)
Amounts owed to group undertakings	20,138	25,646
Social security and other taxes	8	3,124
Other creditors	391	144
Accruals and deferred income	24,788	29,238
	45,500	59,683

The intercompany loans are guaranteed by floating charges over its assets, book debts, credit balances, interests in all shares, debentures, bonds, warrants coupons or other securities and investments.

Certain landlords have a charge over rent deposits paid by the company, a security for any non-payment of rent.

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£'000	£'000
Within one year	23,210	25,009
Between one and five years	62,340	70,629
In more than five years	23,171	27,462
	108,721	123,100

15. PROVISIONS FOR LIABILITIES

	2016	2015
	£'000	£'000
Other provisions		
Provision for dilapidations	878	411

	Provision for dilaps
	£'000
Balance at 1 January 2016	411
Provided during year	468
Utilised during year	(1)
Balance at 31 December 2016	878

16. SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
24,000,000	Ordinary	£1	-	24,000,000
1	Ordinary	£1	1	-

The company passed a special resolution on 22 December 2016 reducing its share capital by cancelling and extinguishing 23,999,999 of the Company's ordinary shares.

17. **ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of Umbrella Holdings S.A.R.L, a company incorporated and registered in Luxembourg. The ultimate parent of the group is IWG plc. The company is included within these group accounts which are publicly available.

18. **CAPITAL COMMITMENTS**

	2016	2015
	£'000	£'000
Contracted but not provided for in the financial statements	-	775

19. **EVENTS AFTER THE REPORTING PERIOD**

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