

**REGISTERED NUMBER: 05512549 (England and Wales)**

**Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 December 2017  
for  
MWB Business Exchange Centres Limited**



**MWB Business Exchange Centres Limited (Registered number: 05512549)**

**Contents of the Financial Statements**  
*for the Year Ended 31 December 2017*

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## **MWB Business Exchange Centres Limited**

### **Company Information**

*for the Year Ended 31 December 2017*

**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  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

## **MWB Business Exchange Centres Limited (Registered number: 05512549)**

### **Strategic Report**

*for the Year Ended 31 December 2017*

The directors present their strategic report for the year ended 31 December 2017.

#### **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 £4,526,000 (2016: £8,260,000 profit) for the year and turnover of £60,988,000 (2016: £78,593,000).

#### **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 2017 there was £7,111,000 (2016: £20,138,000) 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 2017 or 31 December 2016.

**MWB Business Exchange Centres Limited (Registered number: 05512549)**

**Strategic Report**

*for the Year Ended 31 December 2017*

**EMPLOYEES**

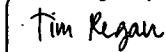
It is the company's policy to communicate with all employees and to encourage them to take a wider interest in the affairs of the company and the IWG plc group. This is done in a variety of ways including electronic media, in house journals, bulletins and briefing sessions.

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:



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TSJD Regan - Director

Date: 13 September 2018



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

## Independent auditors' report to the members of MWB Business Exchange Centres Limited

### 1 Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of MWB Business Exchange Centres Limited ('the Company') for the year ended 31 December 2017, 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 2017 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.

#### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicates that the Company incurred a net loss of £4,526,000 during the year ended 31 December 2017 and, at that date, the Company's current liabilities exceeded its total assets by £1,105,000, and it had net current liabilities of £1,105,000. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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 strategic report and the Report of the Directors. 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 the work undertaken in the course of the audit, we report that

- we have not identified material misstatements in the Report of the Directors or the strategic report;
- in our opinion, the information given in the Report of the Directors and the strategic report is consistent with the financial statements;
- in our opinion, the Report of the Directors and the strategic report have been prepared in accordance with the Companies Act 2006.



## Independent auditors' report to the members of MWB Business Exchange Centres Limited (continued)

### **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.

We have nothing to report on these matters/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 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 for 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.

In preparing the financial statements, the directors are responsible for 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 management either intends to liquidate the Company or to cease operations, or has 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](http://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

Date: 13 September 2018

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

### **1 Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of MWB Business Exchange Centres Limited ('the Company') for the year ended 31 December 2017, 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 assets, liabilities and financial position of the Company as at 31 December 2017 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.

#### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicates that the company incurred a net loss of £4,526,000 during the year ended 31 December 2017 and, at that date, the company's current liabilities exceeded its total assets by £1,105,000, and it had net current liabilities of £1,105,000. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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 Strategic Report and the Report of the Directors. 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 Report of the Directors or the Strategic Report;
- in our opinion, the information given in the Report of the Directors' and the Strategic Report is consistent with the financial statements;
- in our opinion, the Report of the Directors and the Strategic Report have 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; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report on these matters/in regard to these matters.



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

### **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 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 for 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.

In preparing the financial statements, the directors are responsible for 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 the directors 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](http://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

Date: 13 September 2018

**MWB Business Exchange Centres Limited (Registered number: 05512549)****Profit and Loss Account and Other Comprehensive Income**  
*for the Year Ended 31 December 2017*

	Notes	2017 £'000	2016 £'000
<b>TURNOVER</b>	2	60,988	78,593
Cost of sales		<u>53,166</u>	<u>59,864</u>
<b>GROSS PROFIT</b>		7,822	18,729
Administrative expenses		<u>7,081</u>	<u>12,447</u>
<b>OPERATING PROFIT (LOSS)</b>		741	6,282
Exceptional items	4	<u>(5,149)</u>	<u>3,016</u>
		(4,408)	9,298
Interest receivable and similar income	5	-	5
Interest payable and similar expenses	6	<u>(118)</u>	<u>(1,043)</u>
<b>PROFIT (LOSS) BEFORE TAXATION</b>	7	(4,526)	8,260
Tax on profit (loss)	8	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(4,526)	8,260
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(4,526)</u>	<u>8,260</u>

The notes on pages 11 to 20 form part of these financial statements

**MWB Business Exchange Centres Limited (Registered number: 05512549)****Balance Sheet**  
**31 December 2017**

	Notes	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	-	8,977
Tangible assets	11	-	-
		-	8,977
<b>CURRENT ASSETS</b>			
Debtors	12	21,965	40,070
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>23,070</u>	<u>45,500</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,105)</u>	<u>(5,430)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(1,105)	3,547
<b>PROVISIONS FOR LIABILITIES</b>	15	<u>752</u>	<u>878</u>
<b>NET ASSETS/LIABILITIES</b>		<u>(1,857)</u>	<u>2,669</u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	16	-	-
Profit and loss account		<u>(1,857)</u>	<u>2,669</u>
<b>SHAREHOLDER FUNDS</b>		<u>(1,857)</u>	<u>2,669</u>

These financial statements were approved by the Board of Directors on 13 September 2018 and were signed on its behalf by:

DocuSigned by:

Tim Regan

TSJD Regan - Director

The notes on pages 11 to 20 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 2017*

	<b>Share Capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Capital reduction reserve £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2016</b>	24,000	(8,755)	-	15,245
<b>Changes in equity</b>				
Cancellation of ordinary share capital	(24,000)	-	24,000	-
Dividends	-	3,164	(24,000)	(20,836)
Total comprehensive income	<u>-</u>	<u>8,260</u>	<u>-</u>	<u>8,260</u>
<b>Balance at 31 December 2016</b>	<u>-</u>	<u>2,669</u>	<u>-</u>	<u>2,669</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(4,526)</u>	<u>-</u>	<u>(4,526)</u>
<b>Balance at 31 December 2017</b>	<u>-</u>	<u>(1,857)</u>	<u>-</u>	<u>(1,857)</u>

The notes on pages 11 to 20 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 2017*

#### **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](http://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, tangible fixed assets and intangible 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.

## **MWB Business Exchange Centres Limited (Registered number: 05512549)**

### **Notes to the Financial Statements - continued** *for the Year Ended 31 December 2017*

#### **1. ACCOUNTING POLICIES - continued**

##### **Going concern**

As described in the Report of the Directors on page 4, the current economic environment is challenging and the Company reported a net loss of £4,526,000. The directors consider that the outlook presents significant challenges in terms of sales volume and pricing, as well as costs. Additionally, as at 31 December 2017 the company's current liabilities exceeded its total assets by £1,105,000. The Company is dependent for its working capital on funds provided to it by IWG plc, the Company's ultimate Parent. The Directors are not aware of any current intention of IWG plc and related entities to seek repayment for any intercompany balances currently made available to the Company. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have concluded that these circumstances represent a material uncertainty which casts significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resource to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements are prepared on the going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

##### **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.

## **MWB Business Exchange Centres Limited (Registered number: 05512549)**

### **Notes to the Financial Statements - continued** *for the Year Ended 31 December 2017*

#### **1. ACCOUNTING POLICIES - continued**

##### **Tangible fixed assets - continued**

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.

##### **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.

## **MWB Business Exchange Centres Limited (Registered number: 05512549)**

### **Notes to the Financial Statements - continued** *for the Year Ended 31 December 2017*

#### **1. ACCOUNTING POLICIES - continued**

##### **Impairment excluding deferred tax assets - continued**

##### **Financial assets (including trade and other debtors) - continued**

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.

##### **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**

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.



**MWB Business Exchange Centres Limited (Registered number: 05512549)****Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2017***1. ACCOUNTING POLICIES - continued****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.

**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**

	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>1,759</b>	<b>2,370</b>
Social security costs	<b>171</b>	<b>231</b>
Other pension costs	<b>16</b>	<b>22</b>
	<b><u>1,946</u></b>	<b><u>2,623</u></b>

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

	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
Operations	<b>34</b>	<b>40</b>
Sales	<b>1</b>	<b>1</b>
Administration	<b>-</b>	<b>-</b>
	<b><u>35</u></b>	<b><u>41</u></b>

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

**MWB Business Exchange Centres Limited (Registered number: 05512549)****Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2017***4. EXCEPTIONAL ITEMS**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
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)
Impairment of goodwill	(8,977)	-
Profit on disposal of centres/subsidiaries	<u>3,828</u>	<u>256</u>
	<u>(5,149)</u>	<u>3,016</u>

**Profit on disposal of centres/subsidiaries**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Consideration received	3,828	547
Tangible assets disposed of	<u>-</u>	<u>291</u>
Profit on disposal of centres/subsidiaries	<u>3,828</u>	<u>256</u>

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 2015, to be recognised upon completion of the first 8 centres, of which the last of these completed in the prior year. 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, 10 of 45 centres closed prior to completion of their transfer. Completion has been achieved on 16 of the remaining 35 centres being purchased.

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from parent and fellow subsidiary undertakings	<u>-</u>	<u>5</u>

**MWB Business Exchange Centres Limited (Registered number: 05512549)****Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2017***6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017 £'000	2016 £'000
Interest payable to parent and fellow subsidiary undertakings	110	1,043
Other interest payable	<u>8</u>	<u>-</u>
	<u>118</u>	<u>1,043</u>

**7. PROFIT (LOSS) BEFORE TAXATION**

The profit (loss) before taxation is stated after charging:

	2017 £'000	2016 £'000
Operating leases - property	24,754	27,205
Depreciation - owned assets	-	5,292
Operating leases - other assets	<u>6,442</u>	<u>-</u>

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

**8. TAXATION****Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

**Factors affecting the tax expense**

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

	2017 £'000	2016 £'000
Profit (loss) before income tax	<u>(4,526)</u>	<u>8,260</u>
Profit (loss) multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	(871)	1,652
Effects of:		
Depreciation in excess of capital allowances	-	1,059
Group relief received not paid for	1,609	(2,113)
(Income not taxable)/Expenses not deductible for tax purposes	(728)	(544)
Other timing differences	<u>(10)</u>	<u>(54)</u>
Tax expense	<u>-</u>	<u>-</u>

**MWB Business Exchange Centres Limited (Registered number: 05512549)****Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2017***8. TAXATION - continued****Factors that may affect future and total 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.

The company has decelerated capital allowances of £20,284,000 (2016: £20,567,000) and other short term timing differences of £Nil (2016: (£26,000)) 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**

	2017 £'000	2016 £'000
Final	<u>-</u>	<u>20,836</u>

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £'000
<b>CARRYING VALUE</b>	
At 1 January 2017	8,977
Impairment	<u>(8,977)</u>
At 31 December 2017	<u>-</u>

The goodwill impairment arose from the transfer of business assets of certain business centres during 2017.

**11. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £'000
<b>COST</b>	
At 1 January 2017 and 31 December 2017	<u>92</u>
<b>DEPRECIATION</b>	
At 1 January 2017 and 31 December 2017	<u>92</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>-</u>

All tangible fixed assets are owned by the company.

**MWB Business Exchange Centres Limited (Registered number: 05512549)****Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2017***12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£'000	£'000
Trade debtors	7,378	8,240
Amounts owed by group undertakings	8,644	21,002
Other debtors	775	683
Prepayments and accrued income	<u>5,168</u>	<u>10,145</u>
	<u>21,965</u>	<u>40,070</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£'000	£'000
Trade creditors	1,830	175
Amounts owed to group undertakings	7,111	20,138
Social security and other taxes	39	8
Other creditors	281	391
Accruals and deferred income	<u>13,809</u>	<u>24,788</u>
	<u>23,070</u>	<u>45,500</u>

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:

	2017	2016
	£'000	£'000
Within one year	18,310	23,210
Between one and five years	45,557	62,340
In more than five years	<u>22,784</u>	<u>23,171</u>
	<u>86,651</u>	<u>108,721</u>

**15. PROVISIONS FOR LIABILITIES**

	2017	2016
	£'000	£'000
Other provisions		
Provision for dilapidations	<u>752</u>	<u>878</u>

	Provision for dilapidations £'000
Balance at 1 January 2017	878
Provided during year	432
Utilised during year	(515)
Unused amounts reversed during year	<u>(43)</u>
Balance at 31 December 2017	<u>752</u>

**MWB Business Exchange Centres Limited (Registered number: 05512549)****Notes to the Financial Statements - continued**  
*for the Year Ended 31 December 2017***16. SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

In the prior year, 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 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 Regus plc incorporated in Jersey and registered and domiciled in Luxembourg. No other group financial statements include the results of the Company. The consolidated accounts of IWG plc and Regus plc are available to the public and may be obtained from their respective websites, [www.iwgplc.com](http://www.iwgplc.com) and [www.regus.com](http://www.regus.com).

**18. CONTINGENT LIABILITIES**

The company acts as guarantor for a number of leases for four other companies within the group. The maximum liability for which the company would be liable in the next 12 months is £3,311,000, should the companies be unable to discharge their liabilities.

No provision has been made in these financial statements as the company's management do not consider that there is any likelihood of a liability arising through the failure of related parties to discharge their liabilities in relation to these leases.

**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.