

Company Registration No. 05826371 (England and Wales)

**Regus G Limited**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2020**



# **REGUS G LIMITED**

## **COMPANY INFORMATION**

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### **DIRECTORS**

R Morris  
S Loh (Appointed 6 February 2020)

### **COMPANY NUMBER**

05826371 (England and Wales)

### **REGISTERED OFFICE**

1 Burwood Place  
London  
W2 2UT

### **AUDITORS**

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

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# REGUS G LIMITED

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# **REGUS G LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report with the financial statements of the company for year ended 31 December 2020.

#### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 6.

No dividends were paid or proposed for the year ended 31 December 2020 or the year ended 31 December 2019.

#### **FUTURE DEVELOPMENTS**

##### **Brexit**

Following the Brexit referendum in 2016, the UK left the EU on 31 January 2020 and entered a transition period. The transition period ended on 31 December 2020 and the UK left the EU single market and customs union. Assessing the medium to long-term implications of Brexit, the directors believe this will have no significant impact on the business.

##### **COVID-19**

Towards the end of the 2020 financial year, the Company saw signs of business improvement, including growing demand of membership and virtual office offerings. Whilst trading conditions in the first half of 2021 remain challenging with lockdown restrictions continuing across most of the UK, some parts of the Country are seeing restrictions easing and the trend seen at the end of 2020 appears set to continue. The Company will maintain a continued focus on further new-product development to support home and remote working. Demand for more flexible space will continue to grow in the post-COVID 19 world, as more companies build increasingly distributed workforces with more satellite offices and more employees working at or closer to home. The Group's decentralised global portfolio of urban and suburban workspaces in more than 1,100 towns and cities means that the business is uniquely placed to help companies everywhere adapt to new ways of working.

#### **GOING CONCERN**

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. 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 resources 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.

#### **DIRECTORS**

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

R Morris

S Loh

(Appointed 6 February 2020)

#### **POLITICAL CONTRIBUTIONS**

The company made no political contributions in the year ended 31 December 2020 or the year ended 31 December 2019.

#### **EVENTS SINCE THE END OF THE YEAR**

Assessing the medium to long-term implications of Brexit, the directors believe this will have no significant impact on the business. There were no other events since the balance sheet date that would require adjustment or disclosure in the financial statements.

#### **SMALL COMPANIES 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.

# **REGUS G LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 estimates that are reasonable and prudent;
- state whether applicable 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 that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

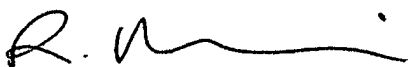
### **STATEMENT OF DISCLOSURE TO AUDITOR**

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office.

On behalf of the board



R Morris

**Director**

19 November 2021



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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGUS G LIMITED**

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

#### ***Opinion***

We have audited the financial statements of Regus G Limited ('the Company') for the year ended 31 December 2020 set out on pages 6 to 19, 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 financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with *FRS 101 Reduced Disclosure Framework*; and
- the financial statements have been 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***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. As set out in note 1 in the financial statements, the Company incurred a net loss of £162,000 during the year ended 31 December 2020 and, at that date, the Company had net liabilities of £531,000 and net current liabilities of £1,010,000. The directors have also concluded that there is a material uncertainty that could cast significant doubt over their 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").

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### ***Detecting irregularities including fraud***

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGUS G LIMITED *(continued)***

### **Report on the audit of the financial statements *(continued)***

#### ***Detecting irregularities including fraud (continued)***

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation, taxation legislation and distributable profits legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### ***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.

#### ***Opinions on other matters prescribed by the Companies Act 2006***

Based solely on our work on the other information undertaken during the course of the audit:

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGUS G LIMITED (continued)**

### **Report on the audit of the financial statements (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; 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 these respects.

#### **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 2, 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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.

**Keith Watt (Senior Statutory Auditor)**  
**for and on behalf of KPMG, Statutory Auditor**  
**Chartered Accountants**  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

19th November 2021

## REGUS G LIMITED

### PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                          | Notes    | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------------------------------|----------|---------------|---------------|
| <b>TURNOVER</b>                                          | <b>2</b> | <b>1,980</b>  | <b>3,093</b>  |
| Cost of sales                                            |          | (1,695)       | (1,713)       |
| <b>GROSS PROFIT</b>                                      |          | <b>285</b>    | <b>1,380</b>  |
| Administrative expenses                                  |          | (352)         | (488)         |
| <b>OPERATING (LOSS)/PROFIT</b>                           | <b>5</b> | <b>(67)</b>   | <b>892</b>    |
| Interest payable and similar expenses                    | <b>4</b> | (95)          | (133)         |
| <b>(LOSS)/PROFIT BEFORE TAXATION</b>                     |          | <b>(162)</b>  | <b>759</b>    |
| Tax on (loss)/profit                                     | <b>6</b> | -             | -             |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>              |          | <b>(162)</b>  | <b>759</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>                        |          | <b>-</b>      | <b>-</b>      |
| <b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR</b> |          | <b>(162)</b>  | <b>759</b>    |

The notes set out on pages 9 to 19 form part of these financial statements.

# REGUS G LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

|                                                                    | Notes | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------------------------------------------------|-------|---------------|---------------|
| <b>FIXED ASSETS</b>                                                |       |               |               |
| Tangible fixed assets                                              | 7     | 2,914         | 3,633         |
| <b>CURRENT ASSETS</b>                                              |       |               |               |
| Debtors                                                            | 8     | 962           | 1,096         |
| <b>CREDITORS: AMOUNTS FALLING<br/>DUE WITHIN ONE YEAR</b>          |       |               |               |
| Creditors                                                          | 9     | 1,972         | 1,983         |
| <b>NET CURRENT LIABILITIES</b>                                     |       | (1,010)       | (887)         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                       |       | 1,904         | 2,746         |
| <b>CREDITORS: AMOUNTS FALLING<br/>DUE AFTER MORE THAN ONE YEAR</b> |       |               |               |
| Creditors                                                          | 10    | 2,435         | 3,115         |
| <b>NET LIABILITIES</b>                                             |       | (531)         | (369)         |
| <b>CAPITAL AND RESERVES</b>                                        |       |               |               |
| Share capital                                                      | 12    | -             | -             |
| Profit and loss reserves                                           |       | (531)         | (369)         |
| <b>SHAREHOLDER DEFICIT</b>                                         |       | (531)         | (369)         |

The financial statements were approved by the board of directors and authorised for issue on 19 November 2021 and are signed on its behalf by:



R Morris  
Director

Company Registration No. 05826371 (England and Wales)

The notes set out on pages 9 to 19 form part of these financial statements.

# REGUS G LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                          | Share<br>capital<br>£'000 | Profit and<br>loss<br>reserves<br>£'000 | Total<br>£'000 |
|----------------------------------------------------------|---------------------------|-----------------------------------------|----------------|
| <b>Balance at 31 December 2018</b>                       | -                         | (684)                                   | (684)          |
| Effect of change in accounting policy - IFRS 16 adoption | -                         | (444)                                   | (444)          |
| <b>Restated balance at 1 January 2019</b>                | -                         | (1,128)                                 | (1,128)        |
| <b>Changes in equity</b>                                 |                           |                                         |                |
| Total comprehensive income for the year                  | -                         | 759                                     | 759            |
| <b>Balance at 31 December 2019</b>                       | -                         | (369)                                   | (369)          |
| <b>Changes in equity</b>                                 |                           |                                         |                |
| Total comprehensive expense for the year                 | -                         | (162)                                   | (162)          |
| <b>Balance at 31 December 2020</b>                       | -                         | (531)                                   | (531)          |

The notes set out on pages 9 to 19 form part of these financial statements.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 ACCOUNTING POLICIES

##### **Company information**

Regus G Limited is a private company incorporated, domiciled and registered in England and Wales, in the UK. The registered office is 1 Burwood Place, London, W2 2UT.

##### **Basis of preparation**

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of 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 and are available to the public and may be obtained from the Company's website [www.iwgplc.com](http://www.iwgplc.com) or from the IWG plc registered office, 22 Grenville Street, St Helier, Jersey, JE4 8PX.

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 or parents and other group companies;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosure of transactions with a management entity that provides key management personnel services to the Company;
- The effects of new but not yet effective IFRSs; and
- Certain disclosures regarding revenue.
- Certain disclosures regarding leases.

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.

##### **Impact of key estimates and judgements**

There is significant judgement in determining the lease term of contracts and estimating the incremental borrowing rates on leases.

##### **Leases**

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Company to extend the lease term, the Company makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable, macro-economic environment, socio-political environment and other lease-specific factors.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 ACCOUNTING POLICIES

(Continued)

#### Impact of key estimates and judgements (continued)

##### Leases (continued)

The determination of applicable incremental borrowing rates on leases at the commencement of lease contracts also requires judgement in those instances where a lease has been modified during the year. Where a lease has not been modified, no key estimates or judgements were exercised in this regard. The Company determines its incremental borrowing rates by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Company considers the relevant market interest rate, based on the weighted average of the timing of the lease payments under the lease obligation. In addition, a spread over the market rate is applied based on the cost of funds to the Company, plus a spread that represents the risk differential of the lessee entity compared to the Company funding cost.

Management have assessed that there are no other 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 basis.

##### Changes in accounting policies

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

The Company has adopted the following IFRSs in these financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

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 2020 did not have a material effect on the Company's financial statements, unless otherwise stated.

##### Going concern

As described in the Directors' Report on page 1, the current economic environment is challenging and the Company has reported an operating loss for the year. 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 2020 the Company's net liabilities were £531,000. 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.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 ACCOUNTING POLICIES

(Continued)

#### **Turnover**

The Company recognises revenue when it transfers services to a customer. It is measured based on the consideration specified in a contract with a customer. Services transfer to the customer equally over the contract period based on the time elapsed. Where discounted periods are granted to customers, service income is spread on a straight-line basis over the duration of the customer contract.

#### **Workstations**

Workstation revenue is recognised when the provision for 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.

#### **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.

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:

Right-of-use assets - over the lease term

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

#### **Expenses**

##### **Net finance expense**

Interest charges and income are accounted for in the income statement on an accruals basis.

#### **Leases**

The nature of the Company's lease relates to the rental of commercial office real estate premises.

##### **1. Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and initial direct costs incurred. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment review on an annual basis.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 ACCOUNTING POLICIES

(Continued)

#### Leases (continued)

##### 2. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as a rent expense in the period in which they are incurred. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

##### 3. Lease modifications

The carrying amount of lease liabilities is remeasured where there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The impact of the modification is recognised against the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

##### 4. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to short-term leases (i.e. those leases that have a lease term of 12 months or less from commencement). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as a rent expense on a straight-line basis over the lease term.

##### 5. Partner contributions

Partner contributions are contributions from our business partners (property owners and landlords) towards the initial costs of opening a business centre, including the fit-out of the property. Partner contributions representing a reimbursement to the lessee (IWG) are accounted for as agency arrangements, and form part of the lessor's (landlord's) assets.

Partner contributions where the Company retains ownership of the fit-out assets are accounted for as a lease incentive. If received at or before the lease commencement date, are accounted for by reducing the right-of-use asset; and if received after the commencement date, are accounted for as a reduction of the lease liability and the right-of-use asset.

##### 6. Lease term

The lease term represents the period from lease inception up to either:

- The earliest point at which the lease could be broken, where break clauses exist;
- The point at which the lease could be extended, but no further, where extension options exist; or
- To the end of the contractual lease term in all other cases.

##### 7. Lease break penalties

Lease break penalties where the lease term has been determined as the period from inception up to a break clause and when there are break payments or penalties, have been appropriately included in the measurement of the lease liability.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 ACCOUNTING POLICIES

(Continued)

#### Financial instruments

##### *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.

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.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 ACCOUNTING POLICIES

(Continued)

#### **Financial instruments (continued)**

##### *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.

#### **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 the 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.

#### **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.

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.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 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 recharges the payroll costs to Regus G Limited at cost. No employees are directly employed by the Company (2019: Nil).

Details of R Morris's and S Loh's remuneration are disclosed in the accounts of IW Group Services (UK) Limited.

### 4 INTEREST PAYABLE AND SIMILAR EXPENSES

|                                        | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------------|---------------|---------------|
| Interest on lease liabilities          | 81            | 97            |
| Interest payable to group undertakings | 14            | 36            |
|                                        | <u>95</u>     | <u>133</u>    |

### 5 EXPENSES AND AUDITOR'S REMUNERATION

|                                         | 2020<br>£'000 | 2019<br>£'000 |
|-----------------------------------------|---------------|---------------|
| Included in the loss are the following: |               |               |
| Depreciation                            | 678           | 789           |
| Lease expense on short-term leases      | 124           | 282           |
|                                         | <u>802</u>    | <u>1,071</u>  |

Amounts paid to the company's auditor in respect of services to the company of £1,000 (2019: £1,000) 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.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 TAXATION

#### Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

| Reconciliation of effective tax rate                  | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------------------------------|---------------|---------------|
| (Loss)/profit before taxation                         | (162)         | 759           |
| Tax using the UK corporation tax rate of 19%          | (31)          | 144           |
| Effects of:                                           |               |               |
| Expenses not deductible in determining taxable profit | 2             | 10            |
| Group relief at nil consideration                     | 26            | (154)         |
| Disallowed interest                                   | 3             | -             |
| Taxation charge for the year                          | -             | -             |

#### Factors that may affect future and total tax charges

Reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was enacted by Finance Act 2016. This reduction of the rate of corporation tax to 17% will no longer take place, following enactment of Finance Act 2020 on 17 March 2020. The UK deferred tax liability as at 31 December 2020 has been calculated at 19%. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023 for companies with taxable profits in excess of £0.25m. This will increase the company's future current tax charge accordingly.

The company has decelerated capital allowances of £112,000 (2019: £112,000) 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.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 TANGIBLE FIXED ASSETS

|                        | Right of use assets<br>£'000 |
|------------------------|------------------------------|
| <b>COST</b>            |                              |
| At 1 January 2020      | 7,261                        |
| Disposals              | (625)                        |
| Modifications          | (12)                         |
| At 31 December 2020    | 6,624                        |
| <b>DEPRECIATION</b>    |                              |
| At 1 January 2020      | 3,628                        |
| Charge for the year    | 678                          |
| Eliminated on disposal | (596)                        |
| At 31 December 2020    | 3,710                        |
| <b>NET BOOK VALUE</b>  |                              |
| At 31 December 2020    | 2,914                        |
| At 31 December 2019    | 3,633                        |

The disposals are due to the expiration of one of the three leases during May of this financial year.

### 8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                           | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------------------|---------------|---------------|
| Trade debtors                             | 180           | 333           |
| Other debtors                             | 248           | 248           |
| Amounts owed by fellow group undertakings | 268           | 320           |
| Prepayments and accrued income            | 266           | 195           |
|                                           | 962           | 1,096         |

Amounts owed by fellow group undertakings are repayable on demand and unsecured.

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                           | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------------------|---------------|---------------|
| Trade creditors                           | 256           | 62            |
| Amounts owed to fellow group undertakings | 254           | 787           |
| Accruals and deferred income              | 308           | 418           |
| Lease liabilities                         | 1,154         | 716           |
|                                           | <u>1,972</u>  | <u>1,983</u>  |

The intercompany loans are repayable on demand and are guaranteed by floating charges over the Company's property assets, book debt, credit balances, interest in all shares, stocks, debentures, bonds, warrants, coupons or other securities and investments.

### 10 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

|                   | 2020<br>£'000 | 2019<br>£'000 |
|-------------------|---------------|---------------|
| Lease liabilities | <u>2,435</u>  | <u>3,115</u>  |

### 11 LEASES

#### Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 7).

|                                  | Right-of-use<br>assets<br>£'000 |
|----------------------------------|---------------------------------|
| Balance at 1 January 2019        | 4,422                           |
| Depreciation charge for the year | (789)                           |
| Balance at 31 December 2019      | <u>3,633</u>                    |
| Disposals                        | (29)                            |
| Modifications                    | (12)                            |
| Depreciation charge for the year | <u>(678)</u>                    |
| Balance at 31 December 2020      | <u>2,914</u>                    |

# REGUS G LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 LEASES

(Continued)

A modification has been made due to the deferral of the March quarter rent.

#### Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

|                                       | 2020<br>£'000     | 2019<br>£'000     |
|---------------------------------------|-------------------|-------------------|
| Interest expense on lease liabilities | 81                | 97                |
| Lease expense on short-term leases    | 124               | 282               |
|                                       | <u>          </u> | <u>          </u> |

### 12 SHARE CAPITAL

#### Allotted, issued and fully paid:

|                              | 2020<br>£         | 2019<br>£         |
|------------------------------|-------------------|-------------------|
| 2 Ordinary shares of £1 each | 2                 | 2                 |
|                              | <u>          </u> | <u>          </u> |

### 13 ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of IWG Group Holdings S.A.R.L, a company incorporated and registered in Luxembourg.

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](http://www.iwgplc.com).

### 14 EVENTS AFTER THE REPORTING PERIOD

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