Regus Group Services Limited

Directors' Report and Financial Statements

For the year ended 31 December 2019

Registered number 07434265

Directors' report and financial statements

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Company Information

For the year ended 31 December 2019

Directors	TSJD Regan SJ Wetherall
Registered Number	07434265
Registered office	Regus 6th Floor 2 Kingdom Street London W2 6BD
Auditors	KPMG Chartered Accountants and Statutory Auditor The Soloist Building 1 Lanyon Place Belfast BT1 3LP

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Dividends

No dividend was paid in 2019 (2018: £nil).

Directors

The directors who held office during the period were as follows:

- TSJD Regan
- SJ Wetherall

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 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 principle 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.

Political contributions

No political contributions were made in the year (2018: £nil).

Future developments

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took stringent steps to help contain or delay the spread of the virus. Most countries, including the UK, have experienced a significant decrease in economic activity as a result of the pandemic. Whilst some of the UK Government measures to contain the spread of COVID-19 started to be relaxed from June 2020 onwards, there continues to be uncertainty regarding when all such measures may be lifted and therefore the recovery of the economy has been slow and there is a risk of a sustained recession.

Going Concern

The Company's principal activity is the provision of management services to the IWG plc group of companies. The directors are satisfied that the Company will continue to trade with the group for the foreseeable future and will continue to be profitable. Accordingly the directors continue to prepare the financial statements on a going concern basis.

Events since the end of the year

Except for the impact of Covid-19 noted above there were no other events since the balance sheet date that would require adjustment or disclosure in the financial statements.

Policy and practice on payment of creditors

The majority of the Company's payments are represented by professional services, general administration expenses and employee expense claims. Employee expenses are paid fortnightly and all other costs in accordance with terms agreed with the individual service suppliers.

Directors' report *(continued)*

Disclosure of information to auditor

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

Auditor

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

By order of the Board

TSJD Regan
Director

Regus 6th Floor
2 Kingdom Street
London
W2 6BD

27 January 2021

Strategic report

For the year ended 31 December 2019

Business review

Principal activities

The Company is engaged in providing management and central services to other companies in the IWG Group.

Review of business

The profit for year was £1,523k (Restated 2018: £1,592k).

Key performance indicators

The directors have identified the following key performance indicators:

- Mature earnings per share
- Network location growth
- Investment in research and development
- Total overheads per available workstation

Further discussion of these key performance indicators, in the context of the IWG plc group as a whole, is provided in the group's annual report which does not form part of this report.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have an impact on the Company's long term performance. The Company has a risk management structure in place designed to identify, manage and mitigate business risks. Risk assessment and evaluation is an essential part of the annual planning, budgeting and forecasting cycle.

The directors have identified that the principal risks and uncertainties affecting the Company are an economic downturn in the market and exposure to movements in the property market. Further discussion of these risks and uncertainties, in the context of the IWG plc group as a whole, is provided in the group's annual report which does not form part of this report.

By order of the board

TSJD Regan
Director

Regus 6th Floor
2 Kingdom Street
London
W2 6BD

27 January 2021

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2006.

By Order of the Board

TSJD Regan
Director

Regus 6th Floor
2 Kingdom Street
London
W2 6BD

27 January 2021

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REGUS GROUP SERVICES LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Regus Group Services Limited ('the Company') for the year ended 31 December 2019 set out in pages 8 to 20, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

We have nothing to report on going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and 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.

KPMG

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REGUS GROUP SERVICES LIMITED *(continued)*

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

Based solely on our work on the other information:
- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in regard to these matters.

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

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

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

Tom McEvoy

Tom McEvoy (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

27 January 2021

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2019

	Note	2019	Restated 2018
		£000	£000
Turnover		**26,620**	21,350
Cost of sales		**(25,231)**	(21,058)
Reversal of impairment of amount receivable from group undertakings		**-**	1,145
Operating profit before interest and taxation	2	**1,389**	1,437
Interest receivable and similar income	3	**158**	180
Interest payable and similar charges	4	**(24)**	(25)
Profit on ordinary activities before taxation		**1,523**	1,592
Tax on profit on ordinary activities	5	**-**	-
Profit for the financial year		**1,523**	1,592
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,523**	1,592

All amounts are derived from continuing operations.

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

Balance Sheet
at 31 December 2019

	Notes		2019		Restated 2018
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	8		358		462
			358		462
Current assets					
Debtors	9	33,945		31,218	
Cash at bank and in hand		-		-	
		33,945		31,218	
Creditors: amounts falling due within one year	10	(5,616)		(5,050)	
Net current assets			28,329		26,168
Total assets less current liabilities			28,687		26,630
Net assets			28,687		26,630
Capital and reserves					
Called up share capital	11		-		-
Capital contribution reserve			5,269		4,735
Profit and loss account			23,418		21,895
Shareholders' funds			28,687		26,630

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

These financial statements were approved by the board of directors on 27 January 2021 and were signed on its behalf by:

TSJD Regan
Director

Registered number 07434265

Statement of Changes in Equity
at 31 December 2019

	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Shareholders' funds £000
Balance at 1 January 2018	-	4,377	20,303	24,680
Total comprehensive income for the year				
Profit or loss account - restated	-	-	1,592	1,592
Other comprehensive income	-	-	-	-
Total comprehensive income for the year – restated	-	-	1,592	1,592
Transactions with owners, recorded directly in equity				
Share based payment charge	-	358	-	358
Balance at 31 December 2018 - restated	-	**4,735**	**21,895**	**26,630**

	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Shareholders' funds £000
Balance at 1 January 2019	-	4,735	21,895	26,630
Total comprehensive income for the year				
Profit or loss account	-	-	1,523	1,523
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,523	1,523
Transactions with owners, recorded directly in equity				
Share based payment charge	-	534	-	534
Balance at 31 December 2019	-	**5,269**	**23,418**	**28,687**

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

Notes (forming part of the financial statements)

1 Accounting policies

Regus Group Services Limited (the "Company") is a private limited company incorporated and domiciled in the UK. The registered office is Regus 6th Floor, 2 Kingdom Street, London, W2 6BD.

Basis of preparation

These 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 Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes the amendment where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemption has been taken.

The Company's ultimate parent undertaking, IWG plc includes the Company in its consolidated financial statements. The consolidated financial statements of IWG 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 or from IWG plc head office, Dammstrasse 19, CH-6300 Zug, Switzerland.

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

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

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

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.

Notes *(continued)*

1 Accounting policies (continued)

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:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRSs 2015 – 2017 Cycle
- Prepayment features with Negative Compensation (Amendments to IFRS 9)

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 2019 did not have a material effect on the Company's financial statements, unless otherwise stated.

Impacts on transition

The Company has not entered into any fixed term lease contracts during the period and therefore there is no impact on transition to IFRS16.

Going concern

The Company's principal activity and future developments of the Company are set out in the Directors' Report and in the Strategic Report from pages 2 to 4. The directors believe the company's funding is likely to be sufficient to meet its day to day working capital requirements and that accordingly it is appropriate to prepare these financial statements on a going concern basis.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of management services and goods to other subsidiaries within the group on the basis of the costs incurred plus an appropriate mark-up.

Net finance expense

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

Property, plant and equipment

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:

Fixtures and fittings	10 years
Computer equipment and software	3 – 10 years

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

Notes *(continued)*

1 Accounting policies (continued)

Taxation

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

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

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

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

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.

Notes *(continued)*

1 Accounting policies (continued)

Financial instruments (continued)

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.

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.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

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.

Share-based payment transactions

The IWG Group share option programme entitles certain key management and directors to acquire shares of the ultimate parent company, these awards being granted by the ultimate parent.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

Notes *(continued)*

2 Expenses and auditors' remuneration

	2019	2018
	£000	£000
The profit before taxation is stated after charging		
Depreciation of tangible assets – owned assets	225	378
Auditor's remuneration - audit of these financial statements	4	4

3 Interest receivable and similar income

	2019	2018
	£000	£000
Amounts receivable from parent and fellow subsidiary undertakings	122	89
Net foreign exchange gain	36	91
	158	180

4 Interest payable and similar charges

	2019	2018
	£000	£000
Amount payable to parent and fellow subsidiary undertakings	24	25
	24	25

Notes *(continued)*

5 Taxation

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Reconciliation of effective tax rate

	2019 £000	Restated 2018 £000
Profit before taxation	**1,523**	1,592
Current tax at 19%	**289**	302
Effects of:		
Expenses not deductible for tax purposes	**4**	23
Income not taxable	**(113)**	(218)
Deferred tax not recognised	**52**	-
Other timing differences	**-**	(25)
Utilised losses	**(232)**	(82)
Total tax expense	**-**	-

A deferred tax asset of £3,207,000 (2018: £3,096,000) relating to decelerated capital allowances, including allowances transferred from Regus Management Limited and share-based payments has not been recognised, as there is insufficient evidence that the asset will be recovered in the foreseeable future due to the availability of losses in the IWG plc group.

Factors affecting future tax charges:
A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

6 Remuneration of the directors

	2019 £000	2018 £000
Directors' emoluments:		
Wages & Salaries	**1,082**	555
Pensions	**40**	37
Share Based Payment	**422**	250
Total	**1,544**	842

The remuneration of the highest paid director was £1,188,809 (2018: £635,956) including £26,542 (2018: £24,500) pension contributions to a money purchase scheme.

Notes *(continued)*

7 Staff numbers and costs

The average number of persons employed by the Company during the year including directors, analysed by category, was as follows:

	2019 Number	2018 Number
Finance & Legal	**16**	17
Others	**127**	131
Total	**143**	148

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	**14,007**	12,656
Social security costs	**1,826**	1,935
Other pension costs	**347**	316
Share-based payments	**534**	358
	16,714	15,265

8 Tangible fixed assets

	Fixtures and fittings £000	Computer equipment and software £000	Total £000
Cost			
At beginning of year	505	9,144	9,649
Additions	-	121	121
At end of year	505	9,265	9,770
Depreciation			
At beginning of year	249	8,938	9,187
Charge for the year	41	184	225
At end of year	290	9,122	9,412
Net book value			
At 31 December 2019	**215**	**143**	**358**
At 31 December 2018	256	206	462

None of the above assets are held under finance lease arrangements.

Notes *(continued)*

9 Debtors

	2019	Restated 2018
	£000	£000
Amounts owed by parent and fellow subsidiary undertakings	31,503	28,333
Other debtors	1,580	1,131
VAT recoverable	484	267
Corporation tax	-	1,138
Prepayments and accrued income	378	349
	33,945	31,218

Intercompany balance derives mainly from the profit as a result of the Company's activity. As the Company does not hold any cash, the net receivable position is held in IWG group's finance entity.

10 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to parent and fellow subsidiary undertakings	55	1,204
Other tax and social securities	-	895
Accruals and deferred income	4,935	2,603
Trade creditors	626	322
Other creditors	-	26
	5,616	5,050

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

11 Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1

12 Ultimate parent company and parent undertaking of larger group of which the Company is a member

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

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.

Notes *(continued)*

13 Events after the reporting period

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took stringent steps to help contain or delay the spread of the virus. Most countries, including the UK, have experienced a significant decrease in economic activity as a result of the pandemic. Whilst some of the UK Government measures to contain the spread of COVID-19 started to be relaxed from June 2020 onwards, there continues to be uncertainty regarding when all such measures may be lifted and therefore the recovery of the economy has been slow and there is a risk of a sustained recession.

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

14 Prior year adjustments

During the year, the directors identified a material omission in the 2018 financial statements relating to costs recharged to fellow subsidiary undertakings, resulting in an understatement in revenue of £1,479,207. The directors have therefore determined that it is appropriate to correct for this item in the financial statements with a restatement of the 2018 profit and loss account and other comprehensive income, balance sheet and statement of changes in equity for the comparative period as set out below.

Profit and loss account and other comprehensive income (extract only)

	As originally stated £000	Effect of restatement £000	As restated £000
Turnover	19,871	1,479	21,350
Operating profit/(loss) before interest and taxation	(42)	1,479	1,437
Profit for the financial year	113	1,479	1,592
Total comprehensive income for the year	113	1,479	1,592

Balance sheet (extract only)

	As originally stated £000	Effect of restatement £000	As restated £000
Current assets			
Debtors	29,739	1,479	31,218
Net assets	25,151	1,479	26,630
Capital and reserves			
Profit and loss account	20,416	1,479	21,895
Shareholders' funds	25,151	1,479	26,630

Notes *(continued)*

14 Prior year adjustments (continued)

Statement of changes in equity (extract only)

Shareholders' funds	**As originally stated £000**	**Effect of restatement £000**	**As restated £000**
Balance at 1 January 2018	24,680	-	24,680
Profit or loss account	113	1,479	1,592
Balance at 31 December 2018	**25,151**	**1,479**	**26,630**