4 March 2014

REGUS PLC – ANNUAL FINANCIAL REPORT ANNOUNCEMENT – YEAR ENDED 31 DECEMBER 2013

Delivering our strategy: 30% growth in network, 34% increase in mature EPS

Regus, the global workplace provider, today announces its annual results for the year ended 31 December 2013.

£m	2013	2012	Change
Group			
Revenues	1,533.5	1,244.1	23.3%
Gross profit	373.8	320.7	17%
Gross margin	*24.4%*	*25.8%*	
Operating profit	90.8	90.2	1%
Operating margin	*5.9%*	*7.3%*	
Profit before tax	81.5	85.1	(4%)
Earnings per share (p)	7.1	7.5	(5%)
Dividend per share (p)	3.6	3.2	13%
EBITDA	188.3	159.3	18%
Mature*			
Revenues	1,226.3	1,182.0	3.7%
Gross profit	359.0	328.3	9%
Gross margin	*29.3%*	*27.8%*	
Operating profit	205.3	154.6	33%
Operating margin	*16.7%*	*13.1%*	
Mature EPS (p)	17.0	12.7	34%
Mature EBITDA	272.1	216.8	26%
Mature free cash flow	156.5	149.5	5%

*Centres opened on or before 31 December 2011

Strong financial performance at Group level with biggest ever investment – full year dividend up 13%

- Group revenue increased 23.3%to £1,533.5m
- Operating profit up 1% to £90.8m notwithstanding the impact of £301.1m investment in growth and £7.4m of MWB transaction and restructuring costs
- Firm control of cost base with overheads (ex. R&D) on a per available workstation basis reduced by 3.8%
- Net debt at 31 December 2013 of £57.2m reflecting significant investment in growth and its impact on operating profit
- 14% increase in final dividend to 2.5p (2012: 2.2p), a full year increase of 13% reflecting strong mature performance

Mature business continues excellent performance – strong increase in operating profit, margins and EPS

- Mature operating profit up 33% to £205.3m. Economies of scale and overhead efficiencies driving an increase in mature operating margin to 16.7% (2012: 13.1%)
- 34% increase in mature EPS to 17.0p (2012: 12.7p)
- Mature revenue growth of 3.7% to £1,226.3m driven by:
    - Revenue per occupied workstation (REVPOW) increase to £7,750, an improvement of 4.3% or £321
    - Continued strong occupancy of 83.8% (2012: 84.5%)
- Gross margin improves to 29.3% (2012: 27.8%).
- Strong cash generation, with free cash flow representing 16.6p per share or 12.8% of revenue

Record growth – continuing significant investment to increase national networks

- £301.1m invested in growth: 448 new centres added, network increased to 1,831 business centre locations
- New 2012 and 2013 centres performing in-line with expectations
- 17% annual increase in membership to 1.58 million
- MWB fully integrated and on track to add at least £15m to Group operating profit in 2014
- During 2014 we anticipate opening at least 300 centres as well as the addition of more third place locations

Mark Dixon, Chief Executive of Regus, said:

"It's been another record year of achievement for Regus, with strong progress made across all parts of the business. Group revenue was up 23%, following a 30% increase in the size of our global network to 1,831 business centre locations, an unprecedented rate of growth and investment, which included the successful integration of MWB.

Our Mature business remains the engine room of the Group and it delivered operating profits in excess of £205m, a 33% increase, alongside free cash flow of £157m. This strong performance from our mature business allowed us to reinvest in growth, so ensuring the incremental returns of the future.

At this early point in the year it is always somewhat difficult to predict precisely how many locations we will add, but we expect at least 300 new business centre locations as well as the addition of more third place locations.

Current trading is good, although the strengthening of sterling in recent months will affect the translation of our results. Notwithstanding this, we remain confident in our business model and our prospects for the year ahead."

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Chairman's statement

The Group had an active and successful year. We have again demonstrated our ability to deliver a strong financial performance while expanding our global network and deepening our local in-country networks.

For the period, Group revenues grew 23.3% to £1,533.5m (2012: £1,244.1m), while operating profits were marginally ahead at £90.8m (2012: £90.2m), a strong result in light of the increased drag from the accelerated pace of new centre additions.

We continue to position the business for the future, with over £300m invested in growing our high quality network. In total we increased our business centre network by 30% to 1,831 (2012: 1,411) and opened 76 third place locations.

The performance of our Mature business continues to be a strength. On a like-for-like basis, revenues in our Mature business improved by 3.7% to £1,226.3m (2012: £1,182.0m), while operating profit increased by 33% to £205.3m (2012: £154.6m) with the mature operating margin improving to 16.7% (2012: 13.1%). Our mature centres continue to be highly cash generative, with free cash flow (after tax, finance costs and maintenance capital expenditure) of £156.5m, representing a mature free cash flow margin of 12.8% or 16.6p per share.

Our New Centres business has also performed well, progressing in line with our expectations. Management remain focused on ensuring all new centres achieve the required financial returns.

Strategy

Over the last 25 years Regus has evolved to meet the changing work needs of business, providing our customers with superior space and support regardless of when, where or how they work. We believe that now is the right time to expand and lay the foundations for a much larger and more profitable business.

Our growth strategy is based upon increasing the profit generation and cash flows from our mature centres which enables us to invest in our network and thereby generate attractive returns and increased earnings per share over the long term.

While pursuing our strategy, we also strive to be good corporate citizens. We are committed to sustainable business practices and dedicated to promoting and enabling the shift to flexible working in the economy. By doing so, we strengthen our business and help our customers improve their productivity while reducing both costs and carbon emissions through more effective use of space and reducing the need for travel. We are also committed to reducing our own impact on the environment, implementing systems and processes to ensure we use resources in a suitable and responsible way. We also actively back our team members' initiatives to support the local communities in which we operate.

Board update

During the year Florence Pierre joined the Board as a Non-Executive Director, complementing its existing skills and diversity. Following an external evaluation in 2012, an internal Board review was conducted in 2013. The results of this evaluation were used to improve the processes and effectiveness of the Board.

No reportable matters were identified and we continue to have full confidence in the Board's members and processes.

Our people

Each of the Non-Executive Directors was able to attend a portion of the Group's annual planning conference in November in which more than 150 senior managers from around the world actively participated. It was clear from observation of the participants' plans that management's focus on the people in these key roles is paying off in terms of our ability to innovate and deliver results as we execute our strategy.

I would like to thank each and every one of our team members for their unrelenting passion and commitment. Building Regus is a challenging and rewarding endeavour which is only achieved through their hard work and dedication.

Dividend

Given the continued strong performance of the business the Board is recommending a final dividend of 2.5p. Subject to the approval of shareholders at the 2013 AGM this will be paid on 30 May 2014 to shareholders on the register at the close of business on 2 May 2014. This represents an increase in the full year dividend of 13% to 3.6p (2012: 3.2p).

Douglas Sutherland

Chairman

4 March 2014

Chief Executive Officer's review

It has been another year of significant achievement for Regus. These strong results underline the fundamental strengths of our business and its forward momentum in a growing market.

Following a record year of growth we have firmly established ourselves with an unrivalled global network. At the same time we also strengthened our presence at both a local and national level across the 100 countries in which we now operate. As we embed our business more deeply into local communities, we take seriously our commitment to support them. The endeavours of our team members, with the backing of the business, have helped thousands of individuals around the world and I thank them for their efforts.

Group revenues increased by 23.3% to £1,533.5m (2012: £1,244.1m) reflecting the significant expansion of our network. In total £301.1m was invested in growth (2012: £178.4m), the result of which was a 30% increase in business centre locations to 1,831 (2012: 1,411). At the same time operating profit was marginally up at £90.8m (2012: £90.2m). Given the scale, pace and costs of growth, this is a strong result.

Our Mature business remains the profit and cash engine of the Group. Operating profits rose by 33% to £205.3m, in part due to further improvements to yield management, with free cash flow (after tax, finance costs and maintenance capital expenditure) at £156.5m (16.6p per share), on the back of revenues up 3.7% to £1,226.3m. Mature EPS also increased by 34% to 17.0p (2012: 12.7p).

Group income statement

£m	**2013**	2012	Change
Revenue	**1,533.5**	1,244.1	23.3%
Gross profit (centre contribution)	**373.8**	320.7	17%
Gross margin	**24.4%**	25.8%	
Operating profit	**90.8**	90.2	1%
Operating margin	**5.9%**	7.3%	
Profit before tax	**81.5**	85.1	(4%)
Taxation	**(14.6)**	(14.2)	
Profit for the period	**66.9**	70.9	(6%)
EBITDA	**188.3**	159.3	18%
EBITDA margin	**12.3%**	12.8%	

Costs remain firmly under control, notwithstanding the significant investment required to support growth. Improved efficiency and scale continued to deliver benefits, with overheads (excluding Research & Development) on a per-available-workstation basis down by 3.8%.

We have been able to deliver this performance in large part due to the fundamental improvements to our country management structure. These results clearly reflect the quality of our team and their skill in making the right, often tough, decisions to drive performance in what remained a challenging macro environment.

We continue to respond to the fundamental changes affecting how we all work, namely the shift from a fixed to a flexible mode of working. Our fortunes are inextricably linked to progress and developments in this high-growth market.

Among the core drivers of growth for Regus are the significant cost savings associated with moving to more flexible workplace arrangement and outsourcing this to specialist providers such as Regus, as well as continued technological advances, which allow us to work from anywhere. Other drivers include demographic changes, sustainability and the growing societal importance of work-life balance. As a result, flexible working has come to be viewed as a core element of the way organisations operate and conduct business.

Our business model has continually evolved to reflect the changing work needs of business and individuals.

Our over-arching aim has always been to provide our customers with the best possible help and support in deciding where and how they work. In doing so we have created a strong and vibrant business which generates significant long-term shareholder returns.

I will now review the performance of our business.

Performance against our strategic objectives

Improve profitability

The performance of our core Mature Centres business (centres opened on or before 31 December 2011) underpins all growth activity within the Group. We remain pleased with the levels of occupancy, averaging 83.8% through the year, and the improvement of REVPOW to £7,750, an increase of 4.3% (up £321), a sign of robust yield management. This healthy occupancy and increased REVPOW drove incremental revenue growth which, with operational gearing, is then reflected in the improvement in mature gross profit margin to 29.3% (2012: 27.8%).

The 2011 new centres, which joined the mature estate in 2013, significantly closed the gap with the existing mature estate and are now performing at a similar gross profit before depreciation and amortisation margin.

Our New Centres business (centres opened on or after 1 January 2012) has equally performed well and in line with expectations. Our primary objective is to ensure that all new centres perform in line with the rest of the mature estate as soon as possible.

- The financial maturity profile of our 2012 centres is in line with expectations. These generated £139.4m of revenue and made a positive centre contribution of £6.9m. This translated into a gross profit margin before depreciation and amortisation of 15.1%.

- The 448 centres that we added during 2013 generated revenues of £159.4m and made a centre contribution of £7.3m, in line with our expectations. Within this the acquisition of MWB has contributed strongly at the gross profit level.
- The heavy overhead investment required to open and support these new centres resulted in a drag of £114.0m on the Group's operating profit (2012: £62.6m).

Develop national networks

This has been a record period of growth for Regus. We have opened more than 500 locations – 448 business centres and 76 third place. In doing so we expanded our reach and enhanced our long-term earnings potential.

It is a testament to the fundamental strength of our business model, the robustness of our systems and processes and the skill and determination of our teams around the world that we have been able to execute this part of our strategy whilst also maintaining our day-to-day operational performance at such a consistently high level.

When a business looks to outsource its workplace requirements, location is typically the primary consideration. It is for this reason that we are investing in local and national networks, taking the products and services we provide closer to where business needs us to be.

Growth, therefore, both in our core business centre network and into third place locations such as airports, retail outlets and community centres, is a key objective for the Group.

This year we expect to add at least 300 new business centres, and many new third place locations. We continue to find plenty of opportunities, both organic and through acquisition, to grow our network on terms that meet our stringent investment criteria and which are capable of delivering long-term sustainable returns. The integration of MWB into our UK business, achieving all identified synergies, provides a clear demonstration of our ability to deliver value through incremental acquisitions.

As we grew we also continued to improve the composition of our business with 84% of leases now either flexible or variable (2012: 82%).

Our growing network is attractive to the increasing numbers of businesses looking to outsource their workplace needs and adopt more flexible working practices in general. As a consequence, end user demand for Regus products and services remains strong. Over the course of 2013 customer numbers increased by more than 200,000 to 1.58m.

Attracting more large corporate customers to our business remains a key priority. We believe our network scale and reach is an important and crucial differentiator as these organisations seek to rationalise their small-office networks, move towards more flexible work arrangements and reduce fixed costs. Notable new wins and contract extensions amongst many include: Twitter, whom we helped open in 12 new countries over the year; Toshiba, supporting 1,000 of their Retail Point-of-Sales team across 14 countries; and, Electronic Arts, supporting them in markets such as China and Russia as well as opening in new ones across Europe and Asia. We also extended our relationships with Apple, Accenture, EDF Energy and RBS amongst others.

Industry leading innovation

The quality and breadth of Regus locations and associated products and services are core to our differentiation and, are why customers choose to work with us. We recognise that innovation is at the core of maintaining our market-leading position – we invest in Research & Development to ensure we stay ahead of the curve and continue to develop the locations, products and services that attract customers to Regus. Over the period we invested £7.2m in Research & Development (2012: £4.5m). This ensures we are best placed to anticipate and respond to the needs of our customers. It also helps us define the workplace sector, thereby enhancing our leadership position.

During 2013 we continued development in a number of important areas, not least with regards to the IT and telephony services we provide to customers. One of the core attractions of Regus to mobile workers is the way that we can improve their productivity while they are on the move; our cloud printing solution DocStation has proved popular and continues to be rolled out globally. We also concluded market testing of the WorkBox concept. This is a self-contained, fully resourced private workspace with a footprint of four square metres, ideal for locations with high transient footfall such as airports and service stations. We intend to begin deployment in 2014.

Third place continues to make encouraging progress and is a fundamental part of our growth strategy. Over the last year we extended our relationship with Shell and signed agreements to add additional locations to the UK motorway network. Since year-end we signed our first deal outside Europe with the Singapore Government for the placing of facilities in public libraries. We have also signed agreements to open drop-in business lounges at Heathrow and Gatwick airports. Given the scale of the market opportunity we are encouraged by both end user adoption and interest from potential new partners. This is driving rapid growth; however, in the context of our significant business centre operation it remains small at this stage.

Cost control

One of the fundamental strengths of our business is its ability to grow and leverage the benefits of additional scale. Despite significant investment in growth, total overheads (excluding investment in Research & Development) as a percentage of revenue reduced marginally to 18.0%. Against an increase in the network of 30%, total overheads (excluding investment in Research & Development and MWB related transaction and restructuring costs) increased by 19.0%. In addition to the scale benefits mentioned earlier two other factors are driving this improvement, namely the delayering and strengthening of management and automation of our back-office processes. The standardisation of repeatable tasks in our back office allows us to concentrate activities within our single service centre in Manila and harmonise service levels, bringing significant productivity gains and freeing up centre teams for higher-value-add tasks.

A high performing team

No commentary on our business performance would be complete without reference to our dedicated workforce, without whose efforts we could not have achieved the progress we have made so far. Our ability to deliver at the local level becomes ever more dependent on the strength of our local, in-country management teams. In many respects this performance is a direct result of the management and structural improvements we have made at both a Group and a country level and the devolution of day-to-day operational decision making. This process continues and we are making significant hires within all country management teams as we expand.

As a service-based business the strength and capabilities of our increasingly geographically diverse team are critical to achieving our objectives. We recognise the importance of people development and the Regus Online Learning Academy together with a wide range of additional initiatives gives our team members the opportunity to learn and enhance the skills that will ensure they are capable of achieving their career ambitions. We are committed to a fair approach and equal opportunities in all areas of our business.

Culturally we employ more than 100 nationalities and, with regard to gender, we aim to achieve broadly equal outcomes for women and men. For the Group as a whole our workforce is 70% female: 30% male; at a Group operational level the breakdown is broadly equal, and at a senior management

level 30% of positions are held by women. We successfully recruit, train, promote and retain skilled and motivated team members with very diverse backgrounds. This is a core strength and critical to the successful development of our business.

Operational Review

Over the year the Group added 448 new centres (2012: 243) with the total number as of 31 December 2013 standing at 1,831 (2012: 1,411). This growth resulted in an increase in total workstation capacity (including non-consolidated workstations) of 26.9% to 304,774 and the number of consolidated workstations as at 31 December 2013 by 27.5% to 292,655.

To review our business more meaningfully, we will concentrate on our Mature business performance development, which represents like-for-like business.

Mature Centres performance

£m	Revenue		Contribution		Mature margin (%)	
	2013	2012	**2013**	2012	**2013**	2012
Americas	**534.0**	509.6	**168.9**	153.4	**31.6**	30.1
EMEA	**298.3**	283.5	**82.5**	78.3	**27.7**	27.6
Asia Pacific	**181.6**	184.7	**58.7**	57.7	**32.3**	31.2
UK	**210.7**	202.9	**50.3**	37.6	**23.9**	18.5
Other	**1.7**	1.3	**(1.4)**	1.3	**-**	–
Total	**1,226.3**	1,182.0	**359.0**	328.3	**29.3**	27.8

Americas

This business posted another good performance. Mature revenues were up 4.2% at constant currency to £534.0m (up 4.8% at actual rates), with average mature occupancy of 85.5% during the period (2012: 87.2%). Mature gross margins improved to 31.6% (2012: 30.1%). During the year, we added 196 centres. This increased our network to 875 business centre locations and took us into 83 new cities and markets including: Beverly Hills, California; St Pauls, Minnesota; and Langley, Canada. This growth contributed to a 27% increase in the average number of consolidated workstations from 90,617 in 2012 to 114,984 in 2013.

EMEA

This geographically diverse business also delivered a strong performance in spite of challenges in some markets. Mature revenues were up 2.2% at constant currency to £298.3m (up 5.2% at actual rates), and achieved an average mature occupancy of 81.4% (2012: 80.9%). Mature gross margin remained stable at 27.7% (2012: 27.6%). During the year, we added 126 centres, increasing our network to 450 business centre locations, and opening in 23 new cities including: Pretoria, South Africa; Naples, Italy; and Dortmund, Germany. This contributed to a 13% increase in the average number of consolidated workstations from 41,531 in 2012 to 46,973 in 2013.

Asia Pacific

Our APAC business continued its robust performance delivering mature revenues of £181.6m, up 3.2% on constant currency (down 1.7% at actual rates) and achieved an average mature occupancy of 83.5% (2012: 83.3%). Mature gross margins improved to 32.3% (2012: 31.2%). During the year we added 58 new centre openings, increasing the network to 290 business centre locations, and opening in ten new cities, including: Ningbo, China; Penang, Malaysia; and Kathmandu, Nepal, our 100th country. This contributed to a 37% increase in the average number of consolidated workstations from 34,557 in 2012 to 47,188 in 2013.

UK

Our UK business made further strong progress delivering mature revenues of £210.7m, up 3.8% on 2012. Mature gross margins improved to 23.9% (2012: 18.5%) and average mature occupancy remained healthy at 82.8% (2012: 83.1%). Including the acquisition of MWB, 68 new business centre locations were added increasing the network to 216. This resulted in a 34% increase in the average number of consolidated workstations from 37,754 in 2012 to 50,630 in 2013. It is important to note that the integration of MWB went as planned and we remain on track to achieve the identified synergy savings.

Outlook

Our business is in a strong position. We are well positioned to continue to grow our networks, customer base and earnings in 2014.

Strengthening and expanding our network is core to ensuring we continue to generate incremental returns over the medium term. At this early point in the year it is difficult to predict precisely how many locations we will add, but we expect to grow by at least 300 new business centres during 2014 as well as the addition of more third place locations.

Growth, when coupled with increased investment in innovation, will create additional demand for Regus' products and services, especially from large corporates as they seek help in transitioning from fixed to flexible working. The overriding focus, therefore, remains on finding opportunities that meet our strict financial returns criteria and are consistent with our strategic objectives.

Current trading is good, although the strengthening of sterling in recent months will affect the translation of our results. Notwithstanding this, we remain confident in our business model and our prospects for the year ahead.

Mark Dixon

Chief Executive Officer

4 March 2014

Chief Financial Officer's review

The business has made strong progress during 2013 with significant investment in the network and further improvements in mature profit and cash generation.

We have added 448 new centres, slightly ahead of revised guidance in October, and delivered full year results in line with management expectations. It is also important to highlight that this was achieved as sterling strengthened significantly in the final quarter. It is testament to the strength of our core mature business that, while we grew the network by 30%, and incurred £7.4m of transaction and restructuring costs related to the acquisition of MWB Business Exchange and carried significant incremental overhead in MWB in the first half of the year, we nevertheless marginally increased Group statutory operating profit to £90.8m (2012: £90.2m).

To fully appreciate the underlying performance of the Group it is important to look at the Mature and New businesses separately. We have consistently highlighted mature profitability as being more representative of the performance of the business – mature, like-for-like operating profit increased 33% to £205.3m (2012: £154.6m).

A record investment of £301.1m in growing our business moved us from a net cash position of £120m at 31 December 2012 to a net debt position of £57.2m at 31 December 2013. This was a more favourable closing position than we originally anticipated due mainly to timing differences, particularly in relation to growth capital expenditure payments. We continue to monitor the appropriate level of financial capacity to grow our business and support our strategy whilst ensuring we maintain a prudent capital structure.

In recognition of the Group's continued financial and operational progress, the Board declared a 14% increase in the final dividend from 2.2p to 2.5p. This represents a 13% increase in the total dividend to 3.6p (2012: 3.2p).

Improving performance of our Mature Centres business (centres opened on or before 31 December 2011)

At the end of December 2013, we had 1,144 centres in the Mature business. Reflecting the recent scale of our new opening programme, the mature network represented approximately 62% of our global portfolio at the end of 2013. We remain clearly focused on enhancing the profit performance of our Mature Centres business at centre level (gross profit), whilst delivering further overhead efficiencies to generate a higher operating margin.

We are pleased with the performance of our Mature Centres business. Revenue grew 3.7% on a like-for-like basis to £1,226.3m and mature REVPOW improved to £7,750, an increase of 4.3% (£321). This is a strong performance and continues the trend of incremental yield improvement experienced since the second half of 2011. Average mature occupancy for 2013 remained strong at 83.8% (2012: 84.5%).

Gross profit (centre contribution) increased to £359.0m from £328.3m, an improvement of 9%. Accordingly the gross margin increased from 27.8% to 29.3% reflecting the operational leverage benefit of higher revenue (in part from the further maturation of the 2011 centre additions) and our strong discipline over managing centre costs.

Mature Centre business performance

£m	**2013**	2012	Increase
Revenue	**1,226.3**	1,182.0	3.7%
Gross profit (centre contribution)	**359.0**	328.3	9%
Gross margin	**29.3%**	27.8%	
Overheads (inc. R&D)	**(153.8)**	(173.4)	11%
Joint ventures	**0.1**	(0.3)	
Operating profit	**205.3**	154.6	33%
Operating margin	**16.7%**	13.1%	
EBITDA	**272.1**	216.8	26%
EBITDA margin	**22.2%**	18.3%	

Overheads allocated to the Mature Centres business reduced from £173.4m in the corresponding period to £153.8m as the Group continues to benefit from economies of scale, reducing overhead costs per available workstation. Correspondingly, overheads as a percentage of mature revenue declined from 14.7% in 2012 to 12.5% for 2013 as we make further progress towards our target of 12%.

As a result, our mature operating profit increased 33% from £154.6m to £205.3m, improving the operating margin from 13.1% to 16.7%. Mature EBITDA increased from £216.8m to £272.1m with the EBITDA margin improving from 18.3% to 22.2%.

The following table sets out the EPS calculation for our Mature business. In management's view, this provides a more representative picture of the underlying operating performance of the business.

Mature EPS calculation

£m	**2013**	2012	Increase
Mature operating profit	**205.3**	154.6	33%
Net finance charge	**(5.2)**	(4.5)	(16%)
Tax	**(40.0)**	(30.0)	
Mature profit after tax	**160.1**	120.1	33%
Mature EPS (p)	**17.0**	12.7	34%

Commensurate with the strong advance in operating profit, mature EPS improved by 34% to 17.0p.

Cash generation remains an attractive characteristic of the Mature business. Once more, the conversion of mature profitability into cash has been strong, thereby continuing to contribute to the funding of our new centre growth.

The Mature business experienced a £21.3m working capital outflow in 2013 which represents 1.6% of Group gross working capital balances and is mainly due to timing differences. Maintenance capital expenditure for the year was £53.2m (2012: £58.0m), representing 4.3% of mature revenues (2012: 4.9%); in line with our guidance of 4-5%.

Mature free cash flow

£m	2013	2012
EBITDA	**272.1**	216.8
Working capital	**(21.3)**	20.5
Maintenance capital expenditure	**(53.2)**	(58.0)
Other items	**3.1**	3.0
Finance costs	**(5.2)**	(4.5)
Tax	**(39.0)**	(28.3)
Mature free cash flow	**156.5**	149.5
Mature free cash flow per share (p)	**16.6**	15.9
Free cash flow margin (%)	**12.8%**	12.6%

The resulting 4.5% increase in mature free cash flow to £156.5m represents 16.6p per share or a free cash flow margin of 12.8%.

Building the returns from our New Centres business (centres opened on or after 1 January 2012)

In total there were 687 new centres at the end of 2013. Overall, these represented a material investment and, with the notable increase in the pace of openings, provide a significant drag on the Group's income statement. This arises from the substantial investment in central overheads to support this growth and the initial negative gross margin while occupancy builds. More importantly, the performance of our new centres continues to be in line with management's expectations. However, it is important to remember that the way new centres develop financially is influenced by factors such as, but not limited to, geography, the timing of opening, and by deal type.

The table below illustrates the material impact on the income statement of these new additions.

New Centre performance

£m	2013	2012
2012 openings	**139.4**	39.0
2013 openings	**159.4**	–
Revenues	**298.8**	39.0
2012 openings	**6.9**	(8.7)
2013 openings	**7.3**	–
Gross profit (centre contribution)	**14.2**	(8.7)
Overheads	**(120.8)**	(53.9)
MWB transaction and restructuring related costs	**(7.4)**	–
Operating profit	**(114.0)**	(62.6)
EBITDA	**(83.7)**	(56.8)

The 2012 openings are progressing to maturity in line with management's expectations. With the large number of openings in 2012 towards the end of the year, these centres weighed on profitability in the first half of 2013. As expected, however, they continued to fill rapidly and reversed the £1.6m negative contribution in the first half to a positive contribution for the year overall of £6.9m, achieving a gross profit margin before depreciation and amortisation of 15.1% for the year.

Inclusion of MWB in the results for the 2013 new centre additions, following its acquisition at the end of February, resulted in a positive gross profit contribution from this year group in 2013. Overall, these new centre additions remain on track to deliver the anticipated performance.

The allocation of central overheads to support the new 2012 and 2013 centres, together with the actual costs relating to the MWB centres for the six months to 30 June 2013, increased significantly to £128.2m (2012: £53.9m) as the overall number of new centres increased to 687 (2012: 243) and the pace of openings accelerated.

Consequently the negative contribution to Group operating profit in 2013 from the new centres increased to £114.0m (2012: £62.6m)

Developing the network through our New Centres business

We significantly expanded the network during 2013, adding a record 448 centres. This level of activity is slightly ahead of the 420-440 new additions guidance we provided in our Q3 Interim Management Statement. Growth on such a scale means it is challenging to gauge precisely when centres will open or an acquisition will complete. As we did in 2012, we had an active fourth quarter in 2013 when, in total, we added 156 centres, more than the total number of centres opened in the whole of 2011. At the end of December 2013 we had 687 net new centres, comprising 38% of the total number of centres. On 1 January 2014, 239 of the centres added in 2012 graduated into our Mature Centre business.

We continue to have a good pipeline of new openings. Customer demand for more convenient and flexible workplaces continues to be strong and, whilst attractive investment opportunities delivering above our hurdle rate of internal return are available, we will continue to grow our network. We expect to add at least 300 business centre locations this year. This will take us through our previously stated target of at least 2,000 centres by 2014, which served its purpose in demonstrating the scale of the Group's growth aspirations over the last three years.

We will complement this centre growth with a significant number of additional third place locations, further increasing the convenience of our network in a capital efficient manner. Our third place business continues to develop and while we are encouraged with progress made to date, it still remains too early to provide any meaningful representation of performance.

Every potential investment is rigorously evaluated by the Investment Committee and has to meet stringent financial hurdles before being approved. This is a process to which we apply maximum focus, given how critical the original investment decision is to our ultimate success. The integration of MWB into our UK business achieved all identified synergy benefits, providing a clear demonstration of our ability to deliver value through acquisitions.

We set out below the significant cash flow impact of the investment in new centres:

£m	**2013**	2012
EBITDA	**(83.7)**	(56.8)
Working capital (estimated)	**85.4**	25.9
Growth capital expenditure	**(320.6)**	(161.3)
Finance costs	**(4.1)**	(0.6)
Tax	**21.9**	14.4
Net investment in new centres	**(301.1)**	(178.4)

During 2013 the amount invested in growth increased materially to £301.1m (2012: £178.4m) adding 448 centres which represented a 30% increase in the network. The new centres continue to have a significant positive impact on working capital.

Closures

During 2013 we closed, relocated or resized 28 centres (2012: 26). These centres contributed a modest operating loss of £0.5m, against a loss of £1.8m in the corresponding period.

Overheads

Increased R&D (including Third Place overheads) investment

We consistently invest in areas which improve our competitive advantage and help differentiate us from other market participants within a highly fragmented but competitive landscape. Expenditure on Research & Development for 2013 increased 60% to £7.2m (2012: £4.5m).

Maintained discipline on Selling General and Administrative expenses (SG&A)

2013 has been another period of significant expansion for Regus and we have continued to invest to support our growing business. We have done this whilst maintaining a resolute focus on cost discipline. Total Group SG&A costs (excluding Research & Development) as a percentage of revenues declined modestly to 18.0% compared with 18.1% in 2012. As well as investing to support the resource hungry new centre growth, 2013 also included £7.4m of transaction and restructuring costs related to the acquisition of MWB as well as a level of associated overheads during the integration phase well above the incremental overhead now required to support the combined UK business. Notwithstanding this, total SG&A (excluding Research & Development) costs per available workstation reduced by 3.8% reflecting further underlying improvement in overhead efficiency. Furthermore, investment in people, as well as increased automation, have improved efficiency and is reflected in the increase in number of workstations supported per full time equivalent overhead employee to 97.6 (2012: 76.9)

Group operating performance reconciliation

The following tables reconcile the elements of our business by maturity to the Group consolidated income statement down to operating profit and including EBITDA:

£m	**Mature centres 2013**	**New centres 2013**	**Closed centres 2013**	**Total 2013**
Revenue	**1,226.3**	**298.8**	**8.4**	**1,533.5**
Cost of sales	**(867.3)**	**(284.6)**	**(7.8)**	**(1,159.7)**
Gross profit (centre contribution)	**359.0**	**14.2**	**0.6**	**373.8**
Overheads	**(153.8)**	**(120.8)**	**(1.1)**	**(275.7)**
MWB transaction and restructuring related costs	**-**	**(7.4)**	**-**	**(7.4)**
Share of profit of joint ventures	**0.1**	**-**	**-**	**0.1**
Operating profit	**205.3**	**(114.0)**	**(0.5)**	**90.8**
EBITDA	**272.1**	**(83.7)**	**(0.1)**	**188.3**

£m	Mature centres 2012	New centres 2012	Closed centres 2012	Total 2012
Revenue	1,182.0	39.0	23.1	1,244.1
Cost of sales	(853.7)	(47.7)	(22.0)	(923.4)
Gross profit (centre contribution)	328.3	(8.7)	1.1	320.7
Overheads	(173.4)	(53.9)	(2.9)	(230.2)
Share of profit of joint ventures	(0.3)	–	–	(0.3)
Operating profit	154.6	(62.6)	(1.8)	90.2
EBITDA	216.8	(56.8)	(0.7)	159.3

Overall, Group revenues increased 23.0% and reported gross profit increased 17% to £373.8m.

Reported operating profit was marginally ahead of the corresponding period at £90.8m (2012: £90.2m) despite the significant initial drag on profitability from growth, the £7.4m of transaction and restructuring costs related to the acquisition of MWB and the heavy initial overhead cost profile that came with it.

Net finance costs

As anticipated, the significant investment in New Centre growth moved the Group into a net debt position. As a consequence the net finance charge increased to £9.3m (2012: £5.1m). Within this year's charge is £3.8m of fees relating to the loan and guarantee facilities, of which approximately £0.5m resulted from the extension and amendment in September of our loan facility by £120m to £320m.

Utilisation of this facility has resulted in additional interest payments of £1.6m.

The Group also incurred a notional, non-cash, interest charge of £2.1m (2012: £1.4m) relating to the accounting treatment of fair value adjustments on various acquisitions. The fair value adjustment relating to the acquisition of MWB during 2013 added approximately £0.9m to the notional charge for 2013.

Tax

The tax charge for the year was 17.9% (2012: 16.7%). This tax rate is consistent with our anticipated long-term effective tax rate of 20% as it continued to benefit in 2013 from the accounting changes implemented in 2012.

Earnings per share

Group earnings per share, after costs associated with the acquisition and integration of MWB, were 7.1p (2012: 7.5p), primarily reflecting the higher interest costs associated with growing the business.

The weighted average number of shares in issue for the year was 943,775,413 (2012: 941,921,816), as shares were issued to satisfy the exercise of a number of share grants by employees during the year.

Cash flow and funding

The table below reflects the Group's cash flow:

£m	**2013**	2012
Mature free cash flow	**156.5**	149.4
New investment in new centres	**(301.1)**	(178.4)
Closed centres cash flow	**-**	(6.4)
Total net cash flow from operations	**(144.6)**	(35.4)
Dividends	**(31.1)**	(28.2)
Corporate financing activities	**0.3**	(2.3)
Change in net cash	**(175.4)**	(65.9)
Opening net cash	**120.0**	188.3
Exchange movements	**(1.8)**	(2.4)
Closing net (debt)/cash	**(57.2)**	120.0

Underlying cash generation from the Mature business remains strong. Mature free cash flow increased 4.6% to £156.5m, representing mature free cash flow per share of 16.6p.

As planned, we materially increased our investment in growing the business. During 2013, we invested £301.1m in new centres compared to £178.4m in the corresponding period, with 448 and 243 centres added in 2013 and 2012 respectively. Although the free cash flow from the Mature Centre business

continues to fund a sizeable proportion of this growth, the step up in expansion in 2013, together with the dividend distributions, has resulted in a significant net cash outflow for the business. We ended the year with a net debt position of £57.2m. This was slightly better than expected, mainly due to timing differences, particularly in relation to growth capital expenditure payments.

As our business grows in scale so does our ability to fund future growth from internal cash generation. We believe that, all other things being equal, we are able to support approximately 15% annual business centre growth from internally generated funds. Currently we anticipate adding at least 300 business centres and a significant number of third place locations in 2014. Accordingly, during 2014 we may further utilise our revolving credit facility which was amended and extended by £120m to £320m in September 2013. It has a final maturity date in September 2017 with conditions that are substantially unchanged from last year. The facility is provided by a consortium of nine banks including all six of our original banking partners. We continue to maintain a prudent approach to balance sheet funding while ensuring the Group has the appropriate financial headroom to execute its strategy.

The Group is driven by risk-adjusted returns and will only continue to invest if the macro environment is favourable and investment performance meets our exacting returns criteria. Accordingly, we have always indicated that we can quickly curtail growth in the event that we determine a need to do so.

Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. Overall for 2013 the movement in exchange rates during the period was marginally beneficial and increased reported revenue, gross profit and operating profit by £20.2m, £4.9m, and £1.2m respectively over the corresponding period last year, with the weakening of sterling against the US dollar having the greatest impact.

Whilst sterling remained weak for much of the year, it strengthened considerably in the final quarter against many of the currencies we operate in. Set out in the table below are some of the principal exchange rates affecting the Group's overseas profits and net assets.

The average rates for these three major currencies for the nine months to 30 September 2013 were 1.54, 1.17 and 149 respectively. By the end of the year sterling had strengthened against the US dollar by 7.1%, against the euro by 2.6% and 16.8% against the Japanese yen when compared to the nine month averages.

This appreciation of sterling has continued so far into the current financial year and will impact the financial results of our operations when translated into sterling.

Foreign exchange rates

	At 31 December			Annual average		
Per £ sterling	**2013**	2012	%	**2013**	2012	%
US dollar	**1.65**	1.62	2%	**1.57**	1.59	(1%)
Euro	**1.20**	1.23	(2%)	**1.18**	1.23	(4%)
Japanese yen	**174**	140	24%	**153**	128	20%

Risk management

The principal risks and uncertainties affecting the Group remain unchanged. A detailed assessment of the principal risks and uncertainties which could impact the Group's long-term performance and the risk management structure in place to identify, manage and mitigate such risks can be found on pages 24-27 of the Annual Report and Accounts.

Related parties

There have been no changes to the type of related party transactions entered into by the Group that had a material effect on the financial statements for the period ended 31 December 2013. Details of related party transactions that have taken place in the period can be found in note 29 to the 2013 Annual Report and Accounts (page 101).

Dividends

Consistent with Regus' progressive dividend policy and subject to shareholder approval, we will increase the final dividend for 2013 by approximately 14% to 2.5p (2112: 2.2p). This will be paid on Friday 30 May 2014, to shareholders on the register at the close of business on Friday 2 May 2014. This represents an increase in the full year dividend of 13%, taking it from 3.2p for 2012 to 3.6p for 2013.

Dominique Yates

Chief Financial Officer

4 March 2014

Consolidated income statement

Continuing operations	Notes	Year ended 31 Dec 2013 Total £m	Year ended 31 Dec 2012 Total £m
Revenue	3	**1,533.5**	1,244.1
Cost of sales		**(1,159.7)**	(923.4)
Gross profit (centre contribution)		**373.8**	320.7
Selling, general and administration expenses		**(275.9)**	(225.7)
Research and development expenses		**(7.2)**	(4.5)
Share of profit/(loss) of equity-accounted investees, net of tax		**0.1**	(0.3)
Operating profit	5	**90.8**	90.2
Finance expense	7	**(10.5)**	(5.9)
Finance income	7	**1.2**	0.8
Profit before tax for the year		**81.5**	85.1
Tax charge	8	**(14.6)**	(14.2)
Profit after tax for the year		**66.9**	70.9
Profit attributable to:			
Equity shareholders of the parent		**66.9**	70.9
Non-controlling interests		**–**	–
Profit after tax for the year		**66.9**	70.9
Earnings per ordinary share (EPS):			
Basic (p)	9	**7.1**	7.5
Diluted (p)	9	**7.0**	7.5

Consolidated statement of comprehensive income

	Notes	Year ended 31 Dec 2013 £m	Year ended 31 Dec 2012 £m
Profit for the year		**66.9**	70.9
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation differences for foreign operations, net of income tax		**(27.4)**	(14.5)
Items of other comprehensive income that is or may be reclassified to profit or loss in subsequent periods		**(27.4)**	(14.5)
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit liability		**0.2**	(0.1)
Items of other comprehensive income that will never be reclassified to profit or loss in subsequent periods		**0.2**	(0.1)
Other comprehensive income for the period, net of income tax		**(27.2)**	(14.6)
Total comprehensive income for the year		**39.7**	56.3
Total comprehensive income attributable to:			
Equity shareholders of the parent		**39.7**	56.3
Non-controlling interests		**–**	–
Total comprehensive income for the year		**39.7**	56.3

Consolidated statement of changes in equity

	Attributable to equity holders of the parent[a]								
	Share capital £m	Treasury shares £m	Foreign currency translation reserve £m	Revaluation reserve £m	Other £m	Retained earnings £m	Total equity attributable to equity holders £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2012	**9.5**	**(7.1)**	**48.5**	**10.5**	**15.3**	**424.0**	**500.7**	**–**	**500.7**
Total comprehensive income for the year:									
Profit for the year	–	–	–	–	–	70.9	70.9	–	70.9
Other comprehensive income:									
Remeasurement of defined benefit liability, net of tax	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Foreign currency translation differences for foreign operations, net of tax	–	–	(14.5)	–	–	–	(14.5)	–	(14.5)
Total other comprehensive income, net	–	–	(14.5)	–	–	(0.1)	(14.6)	–	(14.6)
Total comprehensive income for the year	–	–	(14.5)	–	–	70.8	56.3	–	56.3
Transactions with owners, recorded directly in equity									
Share-based payments	–	–	–	–	–	0.6	0.6	–	0.6
Ordinary dividend paid (note 10)	–	–	–	–	–	(28.2)	(28.2)	–	(28.2)
Settlement of share awards	–	0.1	–	–	–	(2.1)	(2.0)	–	(2.0)
Balance at 31 December 2012	**9.5**	**(7.0)**	**34.0**	**10.5**	**15.3**	**465.1**	**527.4**	**–**	**527.4**
Total comprehensive income for the year:									
Profit for the year	–	–	–	–	–	66.9	66.9	–	66.9
Other comprehensive income:									
Remeasurement of defined benefit liability, net of tax (note 24)	–	–	–	–	–	0.2	0.2	–	0.2
Foreign currency translation differences for foreign operations, net of tax	–	–	(27.4)	–	–	–	(27.4)	–	(27.4)
Total other comprehensive income, net	–	–	(27.4)	–	–	0.2	(27.2)	–	(27.2)
Total comprehensive income for the year	–	–	(27.4)	–	–	67.1	39.7	–	39.7
Transactions with owners, recorded directly in equity									
Share-based payments	–	–	–	–	–	2.7	2.7	–	2.7
Ordinary dividend paid (note 10)	–	–	–	–	–	(31.1)	(31.1)	–	(31.1)
Non-controlling interest recognised on acquisition (note 25)	–	–	–	–	–	(16.3)	(16.3)	(7.7)	(24.0)
Acquisition of non-controlling interest (note 25)	–	–	–	–	–	(7.7)	(7.7)	7.7	–
Settlement of share awards	–	2.9	–	–	–	(3.4)	(0.5)	–	(0.5)
Balance at 31 December 2013	**9.5**	**(4.1)**	**6.6**	**10.5**	**15.3**	**476.4**	**514.2**	**–**	**514.2**

(a) Total reserves attributable to equity holders of the parent.

Share capital represents the net proceeds (the nominal value) on the issue of the Company's equity share capital.

At 31 December 2013 Treasury shares represent 5,257,380 (2012: 8,982,139) ordinary shares of the Group that were acquired for the purposes of the Group's employee share option plans and the share buy-back programme. During the period, nil shares were purchased in the open market and 3,724,759 treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 4 March 2014, 5,257,380 treasury shares were held.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures.

The revaluation reserve arose on the restatement of the assets and liabilities of the UK associate from historic to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006.

Other reserves include £37.9m arising from the Scheme of Arrangement undertaken on 14 October 2008, £6.5m relating to merger reserves and £0.1m to the redemption of preference shares partly offset by £29.2m arising from the Scheme of Arrangement undertaken in 2003.

Consolidated balance sheet

	Notes	**As at 31 Dec 2013 £m**	As at 31 Dec 2012 £m
Non-current assets			
Goodwill	11	**438.7**	317.0
Other intangible assets	12	**53.0**	46.9
Property, plant and equipment	13	**608.7**	437.5
Deferred tax assets	8	**33.4**	33.9
Other long-term receivables	14	**37.5**	35.7
Investments in joint ventures	19	**1.3**	1.7
Total non-current assets		**1,172.6**	872.7
Current assets			
Trade and other receivables	15	**376.9**	290.8
Corporation tax receivable	8	**8.1**	5.7
Cash and cash equivalents	21	**84.7**	132.3
Total current assets		**469.7**	428.8
Total assets		**1,642.3**	1,301.5
Current liabilities			
Trade and other payables (incl. customer deposits)	16	**(570.8)**	(447.7)
Deferred income		**(179.8)**	(151.1)
Corporation tax payable	8	**(6.2)**	(6.8)
Obligations under finance leases	17	**–**	(0.6)
Bank and other loans	17	**(1.2)**	(4.8)
Provisions	18	**(0.8)**	(1.5)
Total current liabilities		**(758.8)**	(612.5)
Net current liabilities		**(289.1)**	(183.7)
Total assets less current liabilities		**883.5**	689.0
Non-current liabilities			
Other payables	16	**(220.7)**	(147.4)
Obligations under finance leases	17	**(0.1)**	(0.1)
Bank and other loans	17	**(140.6)**	(6.8)
Deferred tax liability	8	**(1.6)**	(1.3)
Provisions	18	**(4.9)**	(4.6)
Provision for deficit on joint ventures	19	**(1.2)**	(1.2)
Retirement benefit obligations	24	**(0.2)**	(0.2)
Total non-current liabilities		**(369.3)**	(161.6)
Total liabilities		**(1,128.1)**	(774.1)
Total assets less liabilities		**514.2**	527.4
Total equity			
Issued share capital	20	**9.5**	9.5
Treasury shares		**(4.1)**	(7.0)
Foreign currency translation reserve		**6.6**	34.0
Revaluation reserve		**10.5**	10.5
Other reserves		**15.3**	15.3
Retained earnings		**476.4**	465.1
Total shareholders' equity		**514.2**	527.4
Non-controlling interests		**–**	–
Total equity		**514.2**	527.4
Total equity and liabilities		**1,642.3**	1,301.5

Approved by the Board on 4 March 2014

Mark Dixon
Chief Executive Officer

Dominique Yates
Chief Financial Officer

Consolidated statement of cash flows

	Notes	**Year ended 31 Dec 2013 £m**	Year ended 31 Dec 2012 £m
Profit before tax for the year		**81.5**	85.1
Adjustments for:			
Net finance expense	7	**9.3**	5.1
Share of post-tax profit/(loss) of joint ventures	19	**(0.1)**	0.3
Depreciation charge	5, 13	**87.8**	63.6
(Gain)/loss on disposal of property, plant and equipment		**0.9**	0.1
Amortisation of intangible assets	5, 12	**9.7**	5.5
(Gain)/loss on disposal of intangible assets		**–**	0.1
Increase/(decrease) in provisions	18	**(4.0)**	(5.1)
Share-based payments		**2.7**	0.6
Other non-cash movements		**2.3**	(3.8)
Operating cash flows before movements in working capital		**190.1**	151.5
Decrease/(increase) in trade and other receivables		**(74.4)**	(24.9)
(Decrease)/increase in trade and other payables		**138.5**	71.3
Cash generated from operations		**254.2**	197.9
Interest paid		**(6.7)**	(3.1)
Tax paid		**(17.1)**	(13.9)
Net cash inflow from operating activities		**230.4**	180.9
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	25	**(93.0)**	(43.3)
Dividends received from joint ventures	19	**0.8**	0.8
Purchase of joint ventures		**(0.4)**	–
Proceeds on sale of property, plant and equipment		**–**	1.5
Purchase of property, plant and equipment	13	**(248.9)**	(169.2)
Purchase of intangible assets	12	**(15.6)**	(6.8)
Interest received	7	**1.2**	0.7
Net cash outflow from investing activities		**(355.9)**	(216.3)
Financing activities			
Net proceeds from issue of loans		**132.7**	6.4
Repayment of loans		**(2.4)**	(1.9)
Repayment of principal under finance leases		**(0.5)**	(1.4)
Acquisitions of non-controlling interests	25	**(16.3)**	–
Purchase of shares		**(2.3)**	–
Settlement of share awards		**(1.1)**	(2.0)
Payment of ordinary dividend	10	**(31.1)**	(28.2)
Net cash inflow/(outflow) from financing activities		**79.0**	(27.1)
Net (decrease)/increase in cash and cash equivalents		**(46.5)**	(62.5)
Cash and cash equivalents at beginning of year		**132.3**	197.5
Effect of exchange rate fluctuations on cash held		**(1.1)**	(2.7)
Cash and cash equivalents at end of year	21	**84.7**	132.3

Notes to the accounts

1. Authorisation of financial statements

The Group and Company financial statements for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 4 March 2014 and the balance sheets were signed on the Board's behalf by Mark Dixon and Dominique Yates. Regus plc S.A. is a public limited company incorporated in Jersey and registered and domiciled in Luxembourg. The Company's ordinary shares are traded on the London Stock Exchange.

Regus plc S.A. owns a network of business centres which are leased to a variety of business customers. Information on the Group's structure is provided in Note 30, and information on other related party relationships of the Group is provided in Note 29.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRSs'). The Company prepares its parent Company annual accounts in accordance with Luxembourg GAAP; extracts from these are presented on pages 104 and 105 of the Annual Report and Accounts.

2. Accounting policies

Basis of preparation

The Group financial statements consolidate those of the parent company and its subsidiaries (together referred to as the 'Group') and equity account the Group's interest in the associate and jointly controlled entities. The extract from the parent Company annual accounts presents information about the Company as a separate entity and not about its Group.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements. Amendments to adopted IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with an effective date from 1 January 2013 did not have a material effect on the Group financial statements, unless otherwise indicated.

IAS 1	Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
IAS 12	Amendment to IAS 12 – Deferred Tax accounting for investment property at fair value
IAS 19	IAS 19 Revised – Employee Benefits
IFRS 1	Amendments to IFRS 1 – Government Loans
IFRS 1	Amendment to IFRS 1 – Exemption for severe hyperinflation and removal of fixed dates
IFRS 7	Amendments to IFRS 7 – Offsetting Financial Assets and Financial Liabilities
IFRS 13	Fair Value Measurement
IFRIC 20	Stripping Costs in the Production of a Surface Mine
Various	Annual Improvements to IFRSs (2009 – 2011 Cycle)

Judgements made by the Directors in the application of these accounting policies that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

The consolidated financial statements are prepared on a historical cost basis, with the exception of certain financial assets and liabilities that are measured at fair value.

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have 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 consolidated financial statements on pages 58 to 103 of the Annual Report and Accounts.

In adopting the going concern basis for preparing the consolidated financial statements, the Directors have considered the further information included in the business activities commentary as set out on pages 15 to 18 of the Annual Report and Accounts as well as the Group's principal risks and uncertainties as set out on pages 24 to 27.

Further details on the going concern basis of preparation can be found in note 22 to the notes to the accounts on page 84.

These Group consolidated financial statements are presented in pounds sterling (£), which is Regus plc's functional currency, and all values are in million pounds, rounded to one decimal place, except where indicated otherwise.

The attributable results of those companies acquired or disposed of during the year are included for the periods of ownership.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases or the associate qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

Joint ventures include jointly controlled entities that are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases or the jointly controlled entity qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

When the Group's share of losses exceeds its interest in a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

On 19 April 2006 the Group acquired the remaining 58% of the shares of the UK business that were not already owned by the Group. As a result the Group fully consolidated the UK business from that date. The acquisition was accounted for through the purchase method and as a consequence the entire assets and liabilities of the UK business were revalued to fair value. The effect of these adjustments on the 42% of the UK business already owned was reflected in the revaluation reserve.

On 14 October 2008, Regus plc acquired the entire share capital of Regus Group plc in exchange for the issue of new shares of Regus plc on the basis of one share in Regus plc for one share held previously in Regus Group plc. At the date of the transaction, Regus plc had nominal assets and liabilities and therefore the transaction was accounted for as a reverse acquisition of Regus plc by Regus Group plc. Consequently no fair value acquisition adjustments were required and the aggregate of the Group reserves have been attributed to Regus plc.

IFRSs not yet effective

The following IFRSs have been issued but have not been applied by the Group in these consolidated financial statements as they are effective for years beginning on or after 1 January 2014 or have not yet been endorsed by the European Union. Their adoption is not expected to have a material effect on the consolidated financial statements unless otherwise indicated:

IAS 27	Separate Financial Statements (Revised) (and subsequent amendments)	1 January 2014
IAS 28	Investments in Associates and Joint Ventures (Revised)	1 January 2014
IAS 32	Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRS 9	Financial Instruments: Classification and Measurement (and subsequent amendments)	1 January 2017
IFRS 10	Consolidated Financial Statements (and subsequent amendments)	1 January 2014
IFRS 11	Joint Arrangements (and subsequent amendments)	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities (and subsequent amendments)	1 January 2014
IFRIC 21	Levies	1 January 2014

The Group did not adopt any standards, interpretations and amendments to standards which were available for optional early adoption and relevant to the Group. The Group will adopt the above standards or amendments in the year in which they become effective and/or endorsed by the European Union, whichever is later.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences. The results are consolidated until the date control ceases or the subsidiary qualifies as a disposal group at which point the assets and liabilities are carried at the lower of fair value less costs to sell and carrying value.

Impairment of non-financial assets

The carrying amounts of the Group's assets other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount was estimated at 31 October 2013 and updated at 31 December 2013.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of relevant assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Goodwill

All business combinations are accounted for using the purchase method. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Positive goodwill is stated at cost less any provision for impairment in value. An impairment test is carried out annually and, in addition, whenever indicators exist that the carrying amount may not be recoverable. Positive goodwill is allocated to cash-generating units for the purpose of impairment testing.

Business combinations that took place prior to the Group's transition date to IFRS on 1 January 2004 have not been restated under the requirements of IFRS.

Intangible assets

Intangible assets acquired separately from the business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be identified and measured reliably on initial recognition.

Intangible assets are amortised on a straight-line basis over the estimated useful life of the assets as follows:

Brand – Regus brand	Indefinite life

Brand – Other acquired brands	20 years
Computer software	5 years
Customer lists	2 years
Management agreements	Minimum duration of the contract

Amortisation of intangible assets is expensed through administration expenses in the income statement.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Leases

Plant and equipment leases for which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases, including all of the Group's property leases, are categorised as operating leases.

Finance leases

Plant and equipment acquired by way of a finance lease is capitalised at the commencement of the lease at the lower of its fair value and the present value of the minimum lease payments at inception. Future payments under finance leases are included in creditors, net of any future finance charges. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance charges are recognised in the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Minimum lease payments under operating leases are recognised in the income statement on a straight-line basis over the lease term. Lease incentives and rent free periods are included in the calculation of minimum lease payments. The commencement of the lease term is the date from which the Group is entitled to use the leased asset. The lease term is the non-cancellable period of the lease, together with any further periods for which the Group has the option to continue to lease the asset and when at the inception of the lease it is reasonably certain that the Group will exercise that option.

Contingent rentals include rent increases based on future inflation indices or non-guaranteed rental payments based on centre turnover or profitability and are excluded from the calculation of minimum lease payments. Contingent rentals are recognised in the income statement as they are incurred.

Onerous lease provisions are an estimate of the net amounts payable under the terms of the lease to the first break point, discounted at an appropriate pre-tax rate that reflects the time value of money and the risks specific to the liability.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	50 years
Fixtures and fittings	10 years
Furniture	10 years
Office equipment and telephones	5 years
Motor vehicles	4 years
Computer hardware	3 – 5 years

The useful life of certain plant, property and equipment were revised in 2012.

Revenue

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

Workstations

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

Customer service income

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

Management and franchise fees

Fees received for the provision of initial and subsequent services are recognised as revenue as the services are rendered. Fees charged for the use of continuing rights granted by the agreement, or for other services provided during the period of the agreement, are recognised as revenue as the services are provided or the rights used.

Membership card income

Revenue from the sale of membership cards is deferred and recognised over the period that the benefits of the membership card are expected to be provided.

These categories represent all material sources of revenue earned from the provision of global workplace solutions.

Employee benefits

The Group's major pension plans are of the defined contribution type. For these plans the Group's contribution and other paid and unpaid benefits earned by the employees are charged to the income statement as incurred.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, excluding net interest, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'selling, general and administration expenses' and 'Research and development expenses' in consolidated income statement: service costs comprising current service costs; past-service costs; and gains and losses on curtailments and non-routine settlements.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Share-based payments

The share option programme entitles certain employees and Directors to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes valuation model or the Monte Carlo method, taking into accounts the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights (CIP) are also granted by the Company to certain employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured based on the Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

The Group also operates a Value Creation Plan which awards entitlements to certain employees and Directors of the Group. These entitlements are convertible into options over ordinary shares subject to the Group's share price reaching certain targets.

The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at the date of the award of the entitlements and spread over the period during which the entitlements are convertible into ordinary shares.

The fair value of the entitlements is based on the Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of 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 and 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 probably 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 for all unused tax losses only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions are made for direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced and where the appropriate communication to those affected has been undertaken at the balance sheet date.

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

Net finance expenses

Interest charges and income are accounted for in the income statement on an accruals basis. Financing transaction costs that relate to financial liabilities are charged to interest expense using the effective interest rate method and are recognised within the carrying value of the related financial liability on the balance sheet. Fees paid for the arrangement of credit facilities are recognised as a prepayment and recognised through the finance expense over the term of the facility. In the event of a facility being drawn the relevant unamortised portion of the fee is recognised within the carrying value of the financial liability and charged to the interest expense using the effective interest rate method.

Where assets or liabilities on the Group balance sheet are carried at net present value, the increase in the amount due to unwinding the discount is recognised as a finance expense or finance income as appropriate.

Costs arising on bank guarantees and letters of credit and foreign exchange gains or losses have been classified separately as other finance costs in the income statement.

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 Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expire.

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.

Financial assets

Financial assets are classified either at fair value through profit or loss, held to maturity investments, available for sale financial assets or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

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.

Held-to-maturity financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest rate method.

Available for sale financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition would be immaterial.

Foreign currency transactions and foreign operations

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the balance sheet date and the gains or losses on translation are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The results and cash flows of overseas operations are translated using the average rate for the period. Assets and liabilities, including goodwill and fair value adjustments, of foreign operations are translated using the closing rate with all exchange differences arising on consolidation being recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. Exchange differences are released to the income statement on disposal.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

Derivative financial instruments

The Group's policy on the use of derivative financial instruments can be found in note 22. Derivative financial instruments are measured initially at fair value and changes in the fair value are recognised through profit or loss unless the derivative financial instrument has been designated as a cash flow hedge whereby the effective portion of changes in the fair value are deferred in equity.

Foreign currency translation rates

	At 31 December		Annual average	
	2013	2012	**2013**	2012
US dollar	**1.65**	1.62	**1.57**	1.59
Euro	**1.20**	1.23	**1.18**	1.23
Japanese yen	**174**	140	**153**	128

3. Segmental analysis – statutory basis

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with other operating segments. An operating segment's results are reviewed regularly by the chief operating decision maker (the Board of Directors of the Group) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business is run on a worldwide basis but managed through four principal geographical segments: Americas; Europe, Middle East and Africa (EMEA); Asia Pacific; and the United Kingdom. The United Kingdom segment does not include the Group's non-trading holding and corporate management companies that are based in the UK and the EMEA segment does not include the Group's non-trading head office and holding companies that are based in Luxembourg and Switzerland. The results of business centres in each of these regions form the basis for reporting geographical results to the chief operating decision maker. All reportable segments are involved in the provision of global workplace solutions.

The Group's reportable segments operate in different markets and are managed separately because of the different economic characteristics that exist in each of those markets. Each reportable segment has its own discrete senior management team responsible for the performance of the segment.

The accounting policies of the operating segments are the same as those described in the Annual Report and Accounts for Regus plc for the year ended 31 December 2012. The performance of each segment is assessed on the basis of the segment operating profit which excludes internal revenue, corporate overheads and foreign exchange gains and losses arising on transactions with other operating segments.

	Americas	EMEA	Asia Pacific	United Kingdom	All other operating segments	Total

	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Revenues from external customers	639.7	533.9	337.9	301.2	225.1	195.9	329.1	211.8	1.7	1.3	1,533.5	1,244.1
Revenues from internal customers	0.3	0.2	0.8	0.3	0.3	–	1.3	1.6	–	–	2.7	2.1
Segment revenues	640.0	534.1	338.7	301.5	225.4	195.9	330.4	213.4	1.7	1.3	1,536.2	1,246.2
Gross profit (centre contribution)	157.3	150.5	80.6	76.8	57.6	55.5	79.7	36.6	1.6	1.2	376.8	320.6
Reportable segment profit	71.3	72.2	29.7	26.2	27.9	31.7	39.6	12.4	(5.3)	(1.9)	163.2	140.6
Share of profit of joint ventures	–	–	1.2	0.9	–	–	(1.1)	(1.2)	–	–	0.1	(0.3)
Finance expense	(0.6)	(0.3)	(0.1)	–	(0.5)	(0.5)	(2.2)	(1.6)	–	–	(3.4)	(2.4)
Finance income	–	–	0.2	0.1	–	0.3	–	0.1	–	–	0.2	0.5
Depreciation and amortisation	45.8	33.2	14.8	12.0	13.1	10.3	17.1	11.3	4.0	1.9	94.8	68.7
Taxation (income)/charge	(2.5)	(1.1)	(5.1)	9.1	(3.7)	6.3	(2.4)	(2.6)	(0.9)	2.5	(14.6)	14.2
Assets	944.3	683.7	344.4	296.2	211.3	201.3	508.5	316.7	1.9	1.7	2,010.4	1,499.6
Liabilities	(632.2)	(399.1)	(419.8)	(334.5)	(194.1)	(178.7)	(530.9)	(306.6)	(0.6)	(0.6)	(1,777.6)	(1,219.5)
Net assets/(liabilities)	312.1	284.6	(75.4)	(38.3)	17.2	22.6	(22.4)	10.1	1.3	1.1	232.8	280.1
Non-current asset additions	172.8	99.0	29.6	24.0	33.0	28.6	14.9	11.4	–	–	250.3	163.0

Revenue in the other segmental category is generated from services related to the provision of workplace solutions including fees earned from franchise agreements and commissions earned from the sale of outsourced workplace solution products. Revenue from internal customers is determined by reference to current market prices.

								2013
£m	Revenue	Gross profit (centre contribution)	Operating profit	Share of JV profit	Finance expense	Finance income	Depreciation and amortisation	Profit before tax
Reportable segment results	1,536.2	376.8	163.2	0.1	(3.4)	0.2	94.8	160.1
Exclude: Internal revenue	(2.7)	(2.7)	–	–	–	–	–	–
Corporate overheads	–	(0.3)	(72.5)	–	(5.9)	1.0	2.7	(77.4)
Foreign exchange gains and losses	–	–	–	–	(1.2)	–	–	(1.2)
Published Group total	1,533.5	373.8	90.7	0.1	(10.5)	1.2	97.5	81.5

								2012
£m	Revenue	Gross profit (centre contribution)	Operating profit	Share of JV loss	Finance expense	Finance income	Depreciation and amortisation	Profit before tax
Reportable segment results	1,246.2	320.6	140.6	(0.3)	(2.4)	0.5	68.7	138.4
Exclude: Internal revenue	(2.1)	(2.1)	–	–	–	–	–	–
Corporate overheads	–	2.2	(50.0)	–	(2.2)	0.3	0.4	(51.9)
Foreign exchange gains and losses	–	–	(0.1)	–	(1.3)	–	–	(1.4)
Published Group total	1,244.1	320.7	90.5	(0.3)	(5.9)	0.8	69.1	85.1

£m	Assets	Liabilities	Net assets/ (liabilities)
			2013
Reportable segment results	**2,010.4**	**(1,777.6)**	**232.8**
Exclude: Segmental inter-company amounts	**(474.9)**	**810.8**	**335.9**
Corporate overheads assets and liabilities (excluding amounts due to/from reportable segments)			
Cash	**47.5**	**-**	**47.5**
Deferred taxation	**19.4**	**-**	**19.4**
Bank and other loans	**-**	**(134.2)**	**(134.2)**
Other	**39.9**	**(27.1)**	**12.8**
Published Group total	**1,642.3**	**(1,128.1)**	**514.2**

£m	Assets	Liabilities	Net assets/ (liabilities)
			2012
Reportable segment results	1,499.6	(1,219.5)	280.1
Exclude: Segmental inter-company amounts	(324.6)	465.7	141.1
Corporate overheads assets and liabilities (excluding amounts due to/from reportable segments)			
Cash	73.0	–	73.0
Deferred taxation	22.0	–	22.0
Bank and other loans	–	–	–
Other	31.5	(20.3)	11.2
Published Group total	1,301.5	(774.1)	527.4

4. Segmental analysis – entity-wide disclosures

The Group's primary activity and only business segment is the provision of global workplace solutions and therefore all revenue is attributed to a single group of similar products and services. It is not meaningful to separate this group into further categories of products. Revenue is recognised where the service is provided.

The Group has a diversified customer base and no single customer contributes a material percentage of the Group's revenue.

The Group's revenue from external customers and non-current assets analysed by foreign country is as follows:

£m	**2013** External revenue	**2013** Non-current assets[(a)]	2012 External revenue	2012 Non-current assets[(a)]
Country of domicile – Luxembourg	**3.7**	**1.5**	3.0	0.6
United States of America	**492.6**	**481.9**	400.6	373.8
United Kingdom	**329.5**	**254.1**	213.0	163.6
All other countries	**707.7**	**401.7**	627.5	300.8
	1,533.5	**1139.2**	1,244.1	838.8

(a) Excluding deferred tax assets.

5. Operating profit

Operating profit has been arrived at after charging/(crediting):

	Notes	**2013 £m**	2012 £m
Depreciation on property, plant and equipment			
Owned assets	13	**87.1**	62.7
Finance leases	13	**0.7**	0.9
Amortisation of intangibles	12	**9.7**	5.5
Provision for bad debts		**1.1**	2.2
Loss on disposal of property, plant and equipment		**0.9**	0.1
Loss on disposal of intangibles		**-**	0.1
Exchange (gains)/losses recognised in the income statement		**(0.1)**	0.4
Rents payable in respect of operating leases			
Property		**527.6**	430.6
Contingent rents paid		**24.8**	15.5
Equipment		**2.1**	1.5
Amortisation of acquisition fair value adjustments		**(5.2)**	(4.1)
Staff costs	6	**316.1**	257.4

	2013 £m	2012 £m
Fees payable to the Group's auditor for the audit of the Group accounts	**0.4**	0.3
Fees payable to the Group's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**1.3**	1.3
Other services pursuant to legislation		
Tax services	**-**	–
Other services	**0.1**	–

6. Staff costs

	2013 £m	2012 £m
The aggregate payroll costs were as follows:		
Wages and salaries	**265.3**	216.2
Social security	**44.3**	37.5
Pension costs	**3.8**	3.1
Share-based payments	**2.7**	0.6
	316.1	257.4

	2013 Average full time equivalents	2012 Average full time equivalents
The average number of persons employed by the Group (including Executive Directors), analysed by category and geography, was as follows:		
Centre staff	**5,582**	4,478
Sales & marketing staff	**787**	1,054
Finance staff	**856**	827
Other staff	**1,150**	779
	8,375	7,138
Americas	**3,110**	2,701
EMEA	**1,724**	1,668
Asia Pacific	**1,255**	991
United Kingdom	**1,151**	881
Corporate functions	**1,135**	897
	8,375	7,138

Details of Directors' emoluments and interests are given on pages 41 to 53 in the Remuneration Report.

7. Net finance expense

	2013 £m	2012 £m
Interest payable and similar charges on bank loans	**(3.4)**	(0.9)
Interest payable and similar charges on finance leases	**-**	(0.1)
Total interest expense	**(3.4)**	(1.0)
Other finance costs	**(5.1)**	(3.5)
Unwinding of discount rates	**(2.0)**	(1.4)
Total finance expense	**(10.5)**	(5.9)
Total interest income	**1.2**	0.7
Unwinding of discount rates	**-**	0.1
Total finance income	**1.2**	0.8
Net finance expense	**(9.3)**	(5.1)

8. Taxation

(a) Analysis of charge in the year

	2013 £m	2012 £m

	2013	2012
Current taxation		
Corporate income tax	**(17.4)**	(19.9)
Previously unrecognised tax losses and temporary differences	**1.2**	4.4
Over/(under) provision in respect of prior years	**2.4**	(0.2)
Total current taxation	**(13.8)**	(15.7)
Deferred taxation		
Origination and reversal of temporary differences	**(7.8)**	(6.7)
Previously unrecognised tax losses and temporary differences	**7.1**	9.0
Under provision in respect of prior years	**(0.1)**	(0.8)
Total deferred taxation	**(0.8)**	1.5
Tax charge on profit	**(14.6)**	(14.2)

(b) Reconciliation of taxation charge

	2013		2012	
	£m	**%**	£m	%
Profit before tax	**81.5**		85.1	
Tax on profit at 29.22% (2012: 28.8%)	**(23.8)**	**(29.2)**	(24.5)	(28.8)
Tax effects of:				
Expenses not deductible for tax purposes	**(3.3)**	**(4.0)**	(8.6)	(10.1)
Items not chargeable for tax purposes	**19.4**	**23.8**	19.6	23.0
Recognition of previously unrecognised deferred tax assets	**8.3**	**10.2**	13.4	15.7
Movements in temporary differences in the year not recognised in deferred tax	**(17.6)**	**(21.6)**	(15.6)	(18.3)
Other movements in temporary differences	**-**	**-**	0.3	0.4
Adjustment to tax charge in respect of previous years	**2.3**	**(2.8)**	(1.0)	(1.2)
Differences in tax rates on overseas earnings	**0.1**	**0.1**	2.2	2.6
	(14.6)	**(17.9)**	(14.2)	(16.7)

The applicable tax rate is determined based on the tax rate in Luxembourg which was the statutory tax rate applicable in the country of domicile of the parent company of the Group for the financial year.

(c) Factors that may affect the future tax charge

Unrecognised tax losses to carry forward against certain future overseas corporation tax liabilities have the following expiration dates:

	2013 £m	2012 £m
2013	**-**	1.0
2014	**1.3**	1.3
2015	**0.7**	0.8
2016	**3.7**	3.2
2017	**6.0**	10.6
2018	**14.1**	3.9
2019	**1.8**	1.6
2020	**29.7**	33.9
2021 and later	**60.5**	49.7
	117.8	106.0
Available indefinitely	**205.7**	152.2
Tax losses available to carry forward	**323.5**	258.2
Amount of tax losses recognised in the deferred tax asset	**118.1**	120.6
Total tax losses available to carry forward	**441.6**	378.8

The following deferred tax assets have not been recognised due to uncertainties over recoverability.

	2013 £m	2012 £m
Intangibles	**36.0**	41.8
Accelerated capital allowances	**14.8**	10.1
Tax losses	**87.0**	73.6
Rent	**9.3**	5.5
Short-term timing differences	**7.3**	9.0
	154.4	140.0

Estimates relating to deferred tax assets, including assumptions about future profitability, are re-evaluated at the end of each reporting period.

(d) Corporation tax

	2013 £m	2012 £m
Corporation tax payable	**(6.2)**	(6.8)
Corporation tax receivable	**8.1**	5.7

(e) Deferred taxation

The movement in deferred tax is analysed below:

	Intangibles £m	Property, plant and equipment £m	Tax losses £m	Rent £m	Short term temporary differences £m	Total £m
Deferred tax asset						
At 1 January 2012	(33.8)	24.5	28.0	23.0	(9.5)	32.2
Current year movement	(4.4)	(1.6)	7.8	0.1	0.5	2.4
Prior year movement	–	(0.8)	(0.2)	0.2	–	(0.8)
Direct reserves movement	–	–	–	–	–	–
Transfers	0.1	0.6	–	(0.1)	0.1	0.7
Exchange movement	2.4	(0.9)	0.2	(1.3)	(1.0)	(0.6)
At 1 January 2013	**(35.7)**	**21.8**	**35.8**	**21.9**	**(9.9)**	**33.9**
Acquisitions	**0.3**	**-**	**0.3**	**-**	**-**	**0.6**
Current year movement	**0.1**	**(7.9)**	**-**	**7.2**	**(0.1)**	**(0.7)**
Prior year movement	**0.4**	**(1.0)**	**0.9**	**(1.3)**	**0.2**	**(0.8)**
Transfers	**(0.1)**	**0.4**	**(0.1)**	**-**	**0.8**	**1.0**
Exchange movement	**1.5**	**(0.1)**	**(0.5)**	**(0.7)**	**(0.8)**	**(0.6)**
At 31 December 2013	**(33.5)**	**13.2**	**36.4**	**27.1**	**(9.8)**	**33.4**
Deferred tax liability						
At 1 January 2012	(0.3)	–	–	–	(0.2)	(0.5)
Current year movement	(0.1)	0.1	–	–	(0.1)	(0.1)
Prior year movement	–	–	–	–	–	–
Transfers	(0.1)	(0.6)	–	0.1	(0.1)	(0.7)
Exchange movement	–	–	–	–	–	–
At 1 January 2013	**(0.5)**	**(0.5)**	**-**	**0.1**	**(0.4)**	**(1.3)**
Current year movement	**-**	**(0.1)**	**0.1**	**-**	**-**	**-**
Prior year movement	**0.2**	**0.4**	**-**	**-**	**0.1**	**0.7**
Transfers	**0.1**	**(0.4)**	**0.1**	**-**	**(0.8)**	**(1.0)**
Exchange movement	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2013	**(0.2)**	**(0.6)**	**0.2**	**0.1**	**(1.1)**	**(1.6)**

The movement in deferred taxes included above are after the offset of deferred tax assets and deferred tax liabilities where there is a legally enforceable right to set off and they relate to income taxes levied by the same taxation authority.

Deferred tax assets recognised on short-term temporary differences consist predominantly of provisions deductible when paid and share-based payments. Deferred tax assets have been recognised in excess of deferred tax liabilities on the basis that there are forecast taxable profits in the entities concerned.

At the balance sheet date, the temporary difference arising from unremitted earnings of overseas subsidiaries was £150.8m (2012: £172.3m). The only tax that would arise on these reserves would be non-creditable withholding tax.

9. Earnings per ordinary share (basic and diluted)

	2013	2012
Profit attributable to equity shareholders of the parent (£m)	**66.9**	70.9
Weighted average number of shares outstanding during the year	**943,775,413**	941,921,816
Average market price of one share during the year	**169.56p**	100.12p
Weighted average number of shares under option during the year	**21,184,505**	10,778,358
Exercise price for shares under option during the year	**78.67p**	68.56p

	Profit		Earnings per share	
	2013 £m	2012 £m	**2013 pence**	2012 pence
Basic and diluted profit for the year attributable to shareholders and	**66.9**	70.9	**7.1**	7.5

	2013	2012
basic earnings per share		
Diluted earnings per share	**7.0**	7.5
Weighted average number of shares for basic EPS (number)	**943,775,413**	941,921,816
Weighted average number of shares under option during the year	**21,184,505**	10,778,358
Weighted average number of shares that would have been issued at average market price	**(5,639,033)**	(8,037,963)
Weighted average number of awards under the CIP and LTIP	**3,014,273**	1,207,103
Weighted average number of shares for diluted EPS (number)	**962,335,158**	945,869,314

Options are considered dilutive when they would result in the issue of ordinary shares for less than the market price of ordinary shares in the period. The amount of the dilution is taken to be the average market price of shares during the period minus the issue price.

10. Dividends

	2013	2012
Dividends per ordinary share proposed	**2.5p**	2.2p
Interim dividends per ordinary share declared and paid during the year	**1.1p**	1.0p

Dividends of £31.1m were paid during the year (2012: £28.2m). The Company has proposed to shareholders that a final dividend of 2.5p per share will be paid (2012: 2.2p). Subject to shareholder approval it is expected that the dividend will be paid on 30 May 2014.

11. Goodwill

	£m
Cost	
At 1 January 2012	285.4
Recognised on acquisition of subsidiaries	39.3
Exchange differences	(7.7)
At 1 January 2013	317.0
Recognised on acquisition of subsidiaries	131.6
Exchange differences	(9.9)
At 31 December 2013	**438.7**
Net book value	
At 1 January 2013	317.0
At 31 December 2013	**438.7**

Cash generating units (CGUs), comprising individual business centres, are grouped by country of operation for the purpose of carrying out impairment reviews of non-current assets as this is the lowest level at which goodwill can be assessed. Goodwill acquired through business combinations is held at a country level and is subject to impairment reviews based on the cash flows of these CGUs.

The goodwill attributable to the reportable business segments is as follows:

	2013 £m	2012 £m
Carrying amount of goodwill included within the Americas business segment	**203.0**	185.3
Carrying amount of goodwill included within the EMEA business segment	**43.7**	10.3
Carrying amount of goodwill included within the Asia Pacific business segment	**23.0**	25.1
Carrying amount of goodwill included within the UK business segment	**169.0**	96.3
	438.7	317.0

The carrying value of goodwill and indefinite life intangibles allocated to two CGUs, the USA and the UK, is material relative to the total carrying value comprising 80.1% of the total. The remaining 19.9% of the carrying value is allocated to a further 35 countries (35 cash generating units). The goodwill and indefinite life intangibles allocated to the USA and the UK cash generating units are set out below:

	Goodwill £m	Intangible assets £m	2013 £m	2012 £m
USA	182.4	–	**182.4**	158.8
UK	169.0	11.2	**180.2**	107.5
Other cash generating units	87.3	–	**87.3**	61.9
	438.7	11.2	**449.9**	328.2

The indefinite lived intangible asset relates to the brand value arising from the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006 (see note 12).

The recoverable amount of each of the CGUs above has been determined based on their value in use, calculated as the present value of future cash flows attributable to the unit, as follows:

	2013 £m	2012 £m

USA	**489.9**	453.9
UK	**266.6**	218.5
Other cash generating units	**767.9**	533.9
	1,524.4	1,206.3

The value in use for each CGU has been determined using a model which derives the individual value in use for each unit from the value in use of the Group as a whole. Although the model includes budgets and forecasts prepared by management it also reflects external factors, such as capital market risk pricing as reflected in the market capitalisation of the Group and prevailing tax rates, which have been used to determine the risk adjusted discount rate for the Group. Management believe that the projected cash flows are a reasonable reflection of the likely outcomes over the medium to long term. In the event that trading conditions deteriorate beyond the assumptions used in the projected cash flows, it is also possible that impairment charges could arise in future periods.

The following key assumptions have been used in calculating value in use for each group of CGUs:

- Future cash flows are based on the budget for 2014 approved by the Board. The model excludes cost savings and restructurings that are anticipated but had not been committed to at the date of the determination of the value in use. Thereafter forecasts have been prepared by management for a further four years from 2014 that reflect an average annual growth rate of 3% (2012: 3%).
- These forecasts exclude the impact of both organic and acquisitive growth expected to take place in future periods. Management consider these projections to be a reasonable projection of margins expected at the mid-cycle position. Cash flows beyond 2018 have been extrapolated using a 2% growth rate which management believes is a reasonable long-term growth rate for any of the markets in which the relevant CGUs operate. A terminal value is included in the assessment reflecting the Group's expectation that it will continue to operate in these markets and the long-term nature of the businesses.
- The Group applies a country specific pre-tax discount rate to the pre-tax cash flows for each CGU. The country specific discount rate is based on the underlying weighted average cost of capital (WACC) for the Group. The Group WACC is then adjusted for each CGU to reflect the assessed market risk specific to that country. The Group WACC decreased marginally to 13.6% in 2013 (2012: 14.0%). The market risk adjustment has been set between 12.3% and 18.6% (2012: 16.0% to 20.0%).

The amount by which the value in use exceeds the carrying amount of the CGU's are sufficiently large to enable the Directors to conclude that a reasonably possible change in the key assumptions would not result in an impairment charge in any of the CGUs. Foreseeable events are unlikely to result in a change in the projections of such a significant nature as to result in the cash-generating units carrying amount exceeding their recoverable amount. The forecast models used in assessing the impairment of goodwill are based on the related business centre structure at the end of the year. These models therefore do not reflect the expected improvement in margin as new centres mature.

The key assumptions used in the US model forecasts a centre contribution of 25%, with an average centre contribution of 23% over the next five years. Revenue and costs grow at 3% per annum from 2013 maintaining a terminal 2018 centre gross margin of 23%. Thereafter a 2% long-term growth rate is assumed on revenue and cost into perpetuity. The cash flows have been discounted using a pre-tax discount rate of 17% (2012:19%).

The UK model forecasts a 2014 centre contribution of 23%, with an average centre contribution of 22% over the next five years. Thereafter a 2% long-term growth rate is assumed on revenue and cost into perpetuity. The cash flows have been discounted using a pre-tax discount rate of 14% (2012:15%).

Management has considered the following sensitivities:

Market growth and WIPOW – Management has considered the impact of a variance in market growth and WIPOW. The value in use calculation shows that if the long-term growth rate was reduced to nil, the recoverable amount of the US and UK CGUs would still be greater than their carrying value.

Discount rate – Management has considered the impact of an increase in the discount rate applied to the calculation. The value-in-use calculation shows that for the recoverable amount of the CGU to be less than its carrying value, the pre-tax discount rate would have to be increased to 22% (2012: 28%) for the US CGU and 22% (2012: 28%) for the UK CGU.

There is no goodwill relating to the Group's joint ventures.

12. Other intangible assets

	Brand £m	Customer lists £m	Software £m	Total £m
Cost				
At 1 January 2012	53.8	22.6	19.9	96.3
Additions at cost	–	0.2	6.6	6.8
Acquisition of subsidiaries	–	1.1	–	1.1
Disposals	–	–	–	–
Exchange rate movements	(1.7)	(0.5)	(0.5)	(2.7)
At 1 January 2013	52.1	23.4	26.0	101.5
Additions at cost	0.4	–	15.2	15.6
Acquisition of subsidiaries	–	1.2	–	1.2
Disposals	–	–	–	–
Exchange rate movements	(0.9)	(0.4)	(0.5)	(1.8)
At 31 December 2013	**51.6**	**24.2**	**40.7**	**116.5**
Amortisation				

At 1 January 2012	15.8	19.6	15.0	50.4
Charge for the year	2.1	1.3	2.1	5.5
Disposals	–	–	–	–
Exchange rate movements	(0.6)	(0.3)	(0.4)	(1.3)
At 1 January 2013	17.3	20.6	16.7	54.6
Charge for year	2.1	1.7	5.9	9.7
Disposals	–	–	–	–
Exchange rate movements	(0.4)	(0.4)	–	(0.8)
At 31 December 2013	**19.0**	**21.9**	**22.6**	**63.5**
Net book value				
At 1 January 2012	38.0	3.0	4.9	45.9
At 31 December 2012	34.8	2.8	9.3	46.9
At 31 December 2013	**32.6**	**2.3**	**18.1**	**53.0**

Included with the brand value is £11.2m relating to the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006. The Regus brand acquired in this transaction is assumed to have an indefinite useful life due to the fact that the value of the brand is intrinsically linked to the continuing operation of the Group.

As a result of the Regus brand acquired with the UK business having an indefinite useful life no amortisation is charged but the carrying value is assessed for impairment on an annual basis. The brand was tested at the balance sheet date against the recoverable amount of the UK business segment at the same time as the goodwill arising on the acquisition of the UK business (see note 11).

The remaining amortisation life for non-indefinite life brands is 11 years.

13. Property, plant and equipment

	Land and buildings £m	Furniture, fittings and motor vehicles £m	Computer hardware £m	Total £m
Cost				
At 1 January 2012	5.6	787.4	47.0	840.0
Additions	2.5	155.2	11.5	169.2
Acquisition of subsidiaries	–	12.0	0.4	12.4
Disposals	–	(17.0)	(0.2)	(17.2)
Exchange rate movements	–	(28.0)	(4.2)	(32.2)
At 1 January 2013	8.1	909.6	54.5	972.2
Additions	–	233.4	15.5	248.9
Acquisition of subsidiaries	–	34.1	0.9	35.0
Disposals	–	(5.7)	(8.7)	(14.4)
Exchange rate movements	–	(44.4)	(2.5)	(46.9)
At 31 December 2013	**8.1**	**1,127.0**	**59.7**	**1,194.8**
Accumulated depreciation				
At 1 January 2012	0.3	468.9	37.3	506.5
Charge for the year	0.3	57.4	5.9	63.6
Disposals	–	(15.3)	(0.2)	(15.5)
Exchange rate movements	–	(17.6)	(2.3)	(19.9)
At 1 January 2013	0.6	493.4	40.7	534.7
Charge for the year	0.3	79.5	8.0	87.8
Disposals	–	(4.7)	(8.3)	(13.0)
Exchange rate movements	–	(23.1)	(0.3)	(23.4)
Balance at 31 December 2013	**0.9**	**545.1**	**40.1**	**586.1**
Net book value				
At 1 January 2012	5.3	318.5	9.7	333.5
At 31 December 2012	7.5	416.2	13.8	437.5
At 31 December 2013	**7.2**	**581.9**	**19.6**	**608.7**

Additions include £nil in respect of assets acquired under finance leases (2012: £nil).

The net book value of furniture, fittings and motor vehicles includes amounts held under finance leases as follows:

	2013	2012

	£m	£m
Cost	**20.1**	22.7
Accumulated depreciation	**(17.0)**	(18.3)
Net book value	**3.1**	4.4

14. Other long-term receivables

	2013 £m	2012 £m
Deposits held by landlords against rent obligations	**30.1**	30.9
Amounts owed by joint ventures	**3.1**	2.8
Prepayments and accrued income	**4.3**	2.0
	37.5	35.7

15. Trade and other receivables

	2013 £m	2012 £m
Trade receivables	**140.7**	115.4
Amounts owed by joint ventures	**2.9**	2.9
Other receivables	**43.1**	27.0
Deposits held by landlords against rent obligations	**22.8**	20.7
Prepayments and accrued income	**130.7**	92.7
VAT recoverable	**36.7**	32.1
	376.9	290.8

16. Trade and other payables (incl. customer deposits)

	2013 £m	2012 £m
Trade payables	**74.1**	46.1
VAT payable	**37.1**	32.8
Other tax and social security	**9.2**	9.9
Customer deposits	**239.5**	198.6
Deferred landlord contributions	**25.9**	19.8
Amounts owed to joint ventures	**0.7**	0.6
Rent accruals	**74.1**	43.2
Other accruals	**90.7**	75.4
Other payables	**19.5**	21.3
Total current	**570.8**	447.7

	2013 £m	2012 £m
Deferred landlord contributions	**116.9**	76.0
Rent accruals	**101.2**	67.9
Other payables	**2.6**	3.5
Total non-current	**220.7**	147.4

17. Borrowings

The Group's total loan and borrowing position at 31 December 2013 and at 31 December 2012 had the following maturity profiles:

Bank and other loans

	2013 £m	2012 £m
Repayments falling due as follows:		
Amounts falling due after more than one year:		
In more than one year but not more than two years	**1.6**	2.1
In more than two years but not more than five years	**139.0**	4.7
In more than five years	**-**	–
Total non-current	**140.6**	6.8
Total current	**1.2**	4.8
Total bank and other loans	**141.8**	11.6

Obligations under finance leases

The maturity of the Group's finance obligations is as follows:

	2013 £m	2012 £m
Amounts payable		
Within one year or on demand	**–**	0.6
In more than one year but not more than two years	**0.1**	0.1
In more than two years but not more than five years	**–**	–
	0.1	0.7
Less: finance charges allocated to future periods	**–**	–
Present value of future minimum lease payments	**–**	0.7
Total current	**–**	0.6
Total non-current	**0.1**	0.1
	0.1	0.7

18. Provisions

	2013				2012			
	Onerous leases and closures £m	**Restructuring £m**	**Other £m**	**Total £m**	Onerous leases and closures £m	Restructuring £m	Other £m	Total £m
At 1 January	**5.3**	**–**	**0.8**	**6.1**	8.5	0.9	1.8	11.2
Acquired in the period	**3.6**	**–**	**–**	**3.6**	–	–	–	–
Provided in the period	**0.7**	**–**	**0.5**	**1.2**	0.9	–	0.3	1.2
Utilised in the period	**(0.8)**	**–**	**–**	**(0.8)**	(1.8)	(0.6)	(1.1)	(3.5)
Provisions released	**(4.4)**	**–**	**–**	**(4.4)**	(2.2)	(0.2)	(0.2)	(2.6)
Exchange differences	**–**	**–**	**–**	**–**	(0.1)	(0.1)	–	(0.2)
At 31 December	**4.4**	**–**	**1.3**	**5.7**	5.3	–	0.8	6.1
Analysed between:								
Current	**0.2**	**–**	**0.6**	**0.8**	0.9	–	0.6	1.5
Non-current	**4.2**	**–**	**0.7**	**4.9**	4.4	–	0.2	4.6
At 31 December	**4.4**	**–**	**1.3**	**5.7**	5.3	–	0.8	6.1

Onerous leases and closures

Provisions for onerous leases and closures costs relate to the estimated future costs of centre closures and onerous property leases. The maximum period over which the provisions are expected to be utilised expires by 31 December 2022.

Restructuring

There is no restructuring provision to be utilised during the next financial year (2012: nil).

Other

Other provisions include the estimated costs of claims against the Group outstanding at the year end, of which, due to their nature, the maximum period over which they are expected to be utilised is uncertain.

19. Investments in joint ventures

	Investments in joint ventures £m	Provision for deficit in joint ventures £m	Total £m
At 1 January 2012	2.6	(1.2)	1.4
Additions	–	–	–
Dividends paid	(0.8)	–	(0.8)
Share of loss	(0.3)	–	(0.3)
Other	0.2	–	0.2
Exchange rate movements	–	–	–
At 1 January 2013	1.7	(1.2)	0.5
Additions	0.4	–	0.4
Dividends paid	(0.8)	–	(0.8)
Share of profit	0.1	–	0.1
Other	(0.1)	–	(0.1)
Exchange rate movements	–	–	–
At 31 December 2013	**1.3**	**(1.2)**	**0.1**

The results of the joint ventures below are the full results of the joint ventures and do not represent the effective share:

	2013 £m	2012 £m
Income statement		
Revenue	**26.3**	25.4
Expenses	**(24.9)**	(24.6)
Profit before tax for the year	**1.4**	0.8
Tax charge	**(0.3)**	(0.4)
Profit after tax for the year	**1.1**	0.4
Net assets/(liabilities)		
Fixed assets	**6.5**	7.2
Current assets	**17.1**	15.2
Current liabilities	**(19.6)**	(17.9)
Non-current liabilities	**(7.3)**	(7.1)
Net assets	**(3.3)**	(2.6)

20. Share capital

Ordinary equity share capital

	2013		2012	
	Number	**Nominal value £m**	Number	Nominal value £m
Authorised				
Ordinary 1p shares at 1 January & 31 December	**8,000,000,000**	**80.0**	8,000,000,000	80.0
Issued and fully paid up				
Ordinary 1p shares at 1 January & 31 December	**950,969,822**	**9.5**	950,969,822	9.5

Treasury share transactions involving Regus plc shares

As at 31 December 2013, 5,257,380 (2012: 8,982,139) shares were held as treasury shares. During the year ended 31 December 2013, Regus plc repurchased nil (2012: nil) of its own shares in the open market and utilised 3,724,759 (2012: 88,767) treasury shares held by the Group to satisfy the exercise of share awards by employees.

The holders of ordinary shares in Regus Group plc were entitled to receive such dividends as were declared by the Company and were entitled to one vote per share at meetings of the Company. Treasury shares do not carry such rights until reissued.

21. Analysis of financial assets

	At 1 Jan 2013 £m	Cash flow £m	Non-cash changes £m	Exchange movements £m	**At 31 Dec 2013 £m**
Cash and cash equivalents	132.3	(46.5)	–	(1.1)	**84.7**
Gross cash	132.3	(46.5)	–	(1.1)	**84.7**
Debt due within one year	(4.8)	3.9	–	(0.3)	**(1.2)**
Debt due after one year	(6.8)	(134.2)	–	0.4	**(140.6)**
Finance leases due within one year	(0.6)	0.5	–	0.1	**-**
Finance leases due after one year	(0.1)	–	–	–	**(0.1)**
	(12.3)	(129.8)	–	0.2	**(141.9)**
Net financial assets/(liabilities)	120.0	(176.3)	–	(0.9)	**(57.2)**

Cash and cash equivalent balances held by the Group that are not available for use amounted to £21.4m at 31 December 2013 (2012: £64.7m). Of this balance, £19.0m (2012: £19.9m) is pledged as security against outstanding bank guarantees and a further £2.4m (2012: £44.8m) is pledged against various other commitments of the Group. The 2012 balance included £40.0m held in escrow against the acquisition of the MWB Business Exchange Plc.

Non-cash changes comprise the amortisation of the debt issue costs, new finance leases entered into and movements in debt maturity.

22. Financial instruments and financial risk management

The objectives, policies and strategies applied by the Group with respect to financial instruments and the management of capital are determined at Group level. The Group's Board maintains responsibility for the risk management strategy of the Group and the Chief Financial Officer is responsible for policy on a day-to-day basis. The Chief Financial Officer and Group Treasurer review the Group's risk management strategy and policies on an ongoing basis. The Board has delegated to the Group Audit Committee the responsibility for applying an effective system of internal control and compliance with the Group's risk management policies. The Audit Committee is supported by the Head of Risk Management in performing this role.

Exposure to credit, interest rate and currency risks arise in the normal course of business.

Going concern

The Strategic Report on pages 1 to 31 of the Annual Report and Accounts sets out the Group's strategy and the factors that are likely to affect the future performance and position of the business. The financial review on pages 19 to 23 within the Strategic Report reviews the trading performance, financial position and cash flows of the Group. During the year ended 31 December 2013 the Group made a significant investment in growth and the Group's net cash position declined by £177.2m to a net debt position of £57.2m as at 31 December 2013. The investment in growth is funded by a combination of cash flow generated from the Group's mature

business centres and bank debt. In 2013 the Group extended the revolving credit facility provided by a group of relationship banks from £200m to £320m, with a final maturity in 2017.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Credit risk

Credit risk could occur where a customer or counterparty defaults under the contractual terms of a financial instrument and arises principally in relation to customer contracts and the Group's cash deposits.

A diversified customer base and requirement for customer deposits and payments in advance on workstation contracts, which contribute the majority of the Group's revenue, minimise the Group's exposure to customer credit risk. No single customer contributes a material percentage of the Group's revenue. The Group's policy is to provide against trade receivables when specific debts are judged to be irrecoverable or where formal recovery procedures have commenced. A provision is created where debts are more than three months overdue which reflects the Group's historical experience of the likelihood of recoverability of these trade receivables. These provisions are reviewed on an ongoing basis to assess changes in the likelihood of recoverability.

The maximum exposure to credit risk for trade receivables at the reporting date, analysed by geographic region, is summarised below.

	2013 £m	2012 £m
Americas	**26.7**	26.2
EMEA	**49.5**	42.2
Asia Pacific	**23.3**	21.7
UK	**41.2**	25.3
	140.7	115.4

All of the Group's trade receivables relate to customers purchasing workplace solutions and no individual customer has a material balance owing as a trade receivable.

The ageing of trade receivables at 31 December was:

	Gross 2013 £m	**Provision 2013 £m**	Gross 2012 £m	Provision 2012 £m
Not overdue	**103.9**	**-**	82.0	–
Past due 0 – 30 days	**25.3**	**-**	22.9	–
Past due 31 – 60 days	**7.4**	**-**	5.3	(0.1)
More than 60 days	**11.1**	**(7.0)**	11.0	(5.7)
	147.7	**(7.0)**	121.2	(5.8)

At the year end 31 December 2013, the Group maintained a provision of £7.0m against potential bad debts (2012: £5.8m) arising from trade receivables. The Group had provided £1.1m (2012: £2.2m) in the year and utilised £0.5m (2012: £8.2m). Customer deposits of £239.5m (2012: £198.6m) are held by the Group, mitigating the risk of default.

The Group believes no provision is generally required for trade receivables that are not overdue as the Group collects the majority of its revenue in advance of the provision of office services and requires deposits from its customers.

Cash investments and derivative financial instruments are only transacted with counterparties of sound credit ratings, and management does not expect any of these counterparties to fail to meet their obligations.

Liquidity risk

The Group manages liquidity risk by closely monitoring the global cash position, the available and undrawn credit facilities, and forecast capital expenditure and expects to have sufficient liquidity to meet its financial obligations as they fall due. The Group has free cash and liquid investments (excluding blocked cash) of £63.3m (2012: £67.6m). In addition to cash and liquid investments, the Group had £167.9m available and undrawn under its committed bank facilities. The Directors consider the Group has adequate liquidity to meet day-to-day requirements.

In September 2013 the Group extended its revolving credit facility from £200m to £320m and extended the final maturity date to September 2017.

Although the Group has net current liabilities of £289.1m (2012: £183.7m), the Group does not consider that this gives rise to a liquidity risk. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred income which will be recognised in future periods through the income statement. Although the Group holds customer deposits of £239.5m (2012: £198.6m) these are spread across a large number of customers and no deposit held for an individual customer is material. Therefore the Group does not believe the balance represents a liquidity risk. The net current liabilities, excluding deferred income, were £109.3m at 31 December 2013 (2012 net current assets: £32.6m).

Market risk

The Group is exposed to market risk primarily related to foreign currency exchange rates, interest rates, and the market value of our investments in financial assets. These exposures are actively managed by the Group treasury department in accordance with a written policy approved by the Board of Directors. The Group does not use financial derivatives for trading or speculative reasons.

Interest rate risk

The Group manages its exposure to interest rate risk through the relative proportions of fixed rate debt and floating rate debt, as well as investment in financial assets. The surplus cash balances are invested short term, and at the end of 2013 no cash was invested for a period exceeding three months.

Foreign currency risk

The Group is exposed to foreign currency exchange rate movements. The majority of day-to-day transactions of overseas subsidiaries are carried out in local currency and the underlying foreign exchange exposure is small. Transactional exposures do arise in some countries where it is local market practice for a proportion of the payables or receivables to be in other than the functional currency of the affiliate. Intercompany charging, funding and cash management activity may also lead to foreign exchange exposures. It is the policy of the Group to seek to minimise such transactional exposures through careful management of non-local currency assets and liabilities, thereby minimising the potential volatility in the income statement. Net investments in Regus affiliates with a functional currency other than pound sterling are of a long-term nature and the Group does not normally hedge such foreign currency translation exposures.

From time to time the Group uses short-term derivative financial instruments to manage its transactional foreign exchange exposures where these exposures cannot be eliminated through balancing the underlying risks. No transactions of a speculative nature are undertaken.

The foreign currency exposure arising from open third party transactions held in a currency other than the functional currency of the related entity is summarised as follows:

				2013
£m	**GBP**	**JPY**	**EUR**	**USD**
Trade and other receivables	**-**	**-**	**4.9**	**13.0**
Loans	**-**	**-**	**-**	**-**
Trade and other payables	**(0.3)**	**(3.5)**	**(6.7)**	**(12.0)**
Net statement of financial position exposure	**(0.3)**	**(3.5)**	**(1.8)**	**1.0**

Other market risks

The Group does not hold any available-for-sale equity securities and is therefore not subject to risks of changes in equity prices in the income statement.

Sensitivity analysis

For the year ending 31 December 2013 it is estimated that a general increase of one percentage point in interest rates would have theoretically decreased the Group's profit before tax by approximately £0.2m (2012: increase of £1.3m) with a corresponding increase in total equity.

It is estimated that a five percentage point weakening in the value of the US dollar against pound sterling would have theoretically decreased the Group's profit before tax by approximately £3.3m for the year ended 31 December 2013 (2012: £2.8m). It is estimated that a five percentage point weakening in the value of the euro against pound sterling would have decreased the Group's profit before tax by approximately £0.1m for the year ended 31 December 2013 (2012: increase of £0.7m).

It is estimated that a five percentage point weakening in the value of the US dollar against pound sterling would have theoretically decreased the Group's total equity by approximately £12.6m for the year ended 31 December 2013 (2012: £9.4m). It is estimated that a five percentage point weakening in the value of the euro against pound sterling would have decreased the Group's total equity by approximately £0.4m for the year ended 31 December 2013 (2012: £0.1m).

Capital management

The Group's parent company is listed on the UK stock exchange and the Board's policy is to maintain a strong capital base. The Chief Financial Officer monitors the diversity of the Group's major shareholders and further details of the Group's communication with key investors can be found in the corporate governance report on pages 33 to 37 of the Annual Report and Accounts. In 2006, the Board approved the commencement of a progressive dividend policy to enhance the total return to shareholders.

The Group's Chief Executive Officer, Mark Dixon, is the major shareholder of the Company and all executive members of the Board hold shares in the Company. Details of the Directors' shareholdings can be found in the report of the Remuneration Committee on pages 41 to 53 of the Annual Report and Accounts. In addition the Group operates various share option plans for key management and other senior employees.

At the 2008 Annual General Meeting shareholders approved a resolution for the Group to re-purchase up to 10% of its issued share capital in the market. In June 2007, the Group commenced a share buy-back programme to meet both the need to issue shares under the Group's share option programme and, more generally, as a means of returning cash to shareholders.

In the year ended 31 December 2013 Regus plc purchased 1,464,685 (2012: 1,765,783) of its own shares in the open market and utilised these to satisfy employee share awards. Regus plc did not re-purchase any of its own shares in the open market to hold as treasury shares, however 3,724,759 treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 4 March 2014, 5,257,380 shares were held as treasury shares.

The Company declared an interim dividend of 1.1p per share (2012: 1.0p) during the year ended 31 December 2013 and proposed a final dividend of 2.5p per share (2012: 2.2p per share), a 10% increase on the 2012 dividend.

The Group's objective when managing capital (equity and borrowings) is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group has a modest net debt position at the end of 2013 and £167.9m of committed undrawn bank facilities.

Effective interest rates

In respect of financial assets and financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature. Interest payments are excluded from the table.

The undiscounted cash flow of these instruments is not materially different from the carrying value.

As at 31 December 2013

	Effective interest	Carrying value	Contractual cash flow	Less than 1 year	1-2 years £m	2-5 years £m	More than 5 years

	rate %[a]	£m	£m	£m			£m
Cash and cash equivalents	1.1	84.7	84.7	84.7	–	–	–
Trade and other receivables	–	279.0	286.0	252.7	15.1	18.2	–
Financial assets[b]		363.7	370.7	337.4	15.1	18.2	–
Non-derivative financial liabilities[a]:							
Finance lease liabilities	3.9	(0.1)	(0.1)	(0.1)	–	–	–
Bank loans	2.6	(140.6)	(140.9)	(0.4)	(1.4)	(139.1)	–
Other loans	9.9	(1.2)	(1.2)	(1.0)	(0.2)	–	–
Customer deposits	–	(239.5)	(239.5)	(239.5)	–	–	–
Trade and other payables	–	(237.1)	(237.1)	(234.5)	(2.6)	–	–
Derivative financial liabilities:							
Foreign exchange contracts							
– Outflow	–	–	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Interest rate swaps							
– Outflow	–	(0.1)	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Financial liabilities		(618.6)	(618.8)	(475.5)	(4.2)	(139.1)	–

As at 31 December 2012

	Effective interest rate %[a]	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Cash and cash equivalents	0.4	132.3	132.3	132.3	–	–	–
Trade and other receivables	–	231.8	237.5	204.0	15.4	18.1	–
Financial assets[b]	–	364.1	369.8	336.3	15.4	18.1	–
Non-derivative financial liabilities[a]:							
Finance lease liabilities	3.3	(0.7)	(0.7)	(0.6)	(0.1)	–	–
Bank loans	8.6	(7.0)	(7.4)	(0.4)	(2.2)	(4.8)	–
Other loans	6.8	(4.6)	(4.6)	(4.6)	–	–	–
Customer deposits	–	(198.6)	(198.6)	(198.6)	–	–	–
Trade and other payables	–	(187.8)	(187.8)	(184.3)	(3.5)	–	–
Derivative financial liabilities:							
Foreign exchange contracts							
– Outflow	–	–	(16.4)	(16.4)	–	–	–
– Inflow	–	–	16.4	16.4	–	–	–
Financial liabilities	–	(398.7)	(399.1)	(388.5)	(5.8)	(4.8)	–

(a) All financial instruments are classified as variable rate instruments.

(b) Financial assets are all held at amortised cost.

Fair value disclosures

The fair values together with the carrying amounts shown in the balance sheet are as follows:

31 December 2013	Carrying amount				Fair value			
£m	Loans and receivables	Other financial liabilities	Fair value – hedging instruments	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	84.7	–	–	84.7	–	84.7	–	84.7
Trade and other receivables	279.0	–	–	279.0	–	279.0	–	279.0
Finance lease liabilities	–	(0.1)	–	(0.1)	–	(0.1)	–	(0.1)
Bank loans	–	(140.6)	–	(140.6)	–	(140.6)	–	(140.6)
Other loans	–	(1.2)	–	(1.2)	–	(1.2)	–	(1.2)
Customer deposits	–	(239.5)	–	(239.5)	–	(239.5)	–	(239.5)
Trade and other payables	–	(237.1)	–	(237.1)	–	(237.1)	–	(237.1)

Foreign exchange contracts and interest rate swaps	**–**	**(0.1)**	**–**	**(0.1)**	**–**	**(0.1)**	**–**	**(0.1)**
	363.7	**(618.6)**		**(254.9)**	**–**	**(254.9)**	**–**	**(254.9)**
Unrecognised gain								**–**

31 December 2012		Carrying amount				Fair value		
£m	Loans and receivables	Other financial liabilities	Fair value – hedging instruments	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	132.3	–	–	132.3	–	132.3	–	132.3
Trade and other receivables	231.8	–	–	231.8	–	231.8	–	231.8
Finance lease liabilities	–	(0.7)	–	(0.7)	–	(0.7)	–	(0.7)
Bank loans	–	(7.0)	–	(7.0)	–	(7.0)	–	(7.0)
Other loans	–	(4.6)	–	(4.6)	–	(4.6)	–	(4.6)
Customer deposits	–	(198.6)	–	(198.6)	–	(198.6)	–	(198.6)
Trade and other payables	–	(187.8)	–	(187.8)		(187.8)	–	(187.8)
Foreign exchange contracts and interest rate swaps	–	–	–	–	–	–	–	–
	364.1	(398.7)		(34.6)	–	(34.6)	–	(34.6)
Unrecognised gain								–

During the years ended 31 December 2013 and 31 December 2012, there were no transfers between Level 1 and 2 fair value measurements, and no financial instruments requiring Level 3 fair value measurements were held.

Valuation techniques

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique
Cash and cash equivalents, trade and other receivables/payables and customer deposits	For cash and cash equivalents, receivables/payables with a remaining life of less than one year and customer deposits, the book value approximates the fair value because of their short-term nature.
Finance lease liabilities	The fair value of finance leases has been calculated by discounting future cash flows at an appropriate discount rate which reflects current market assessments and the risks specific to such liabilities.
Loans and overdrafts	The fair value of bank loans, overdrafts and other loans approximates the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.
Foreign exchange contracts and interest rate swaps	The fair values are based on broker quotes.

There was no significant unobservable input used in our valuation techniques.

Derivative financial instruments

The following table summarises the notional amount of the open contracts as at 31 December 2013:

	2013 EUR m	2012 EUR m
Foreign exchange contracts	**–**	20.1

Committed bank facilities

	Principal £m	Available £m
At 31 December 2013	**415.0**	**185.4**
At 31 December 2012	290.0	200.5

In September 2013 the Group amended and extended its revolving credit facility from £200m to £320m and final maturity to September 2017. In addition, the Group amended and extended its bank guarantee and letter of credit facility to a revised total of £95m and aligned the conditions and the maturity with the £320m facility. Both facilities are subject to financial covenants relating to operating cash flow, net debt to EBITDA, and EBITDA plus rent to interest plus rent. The Group is in compliance with all covenant requirements.

23. Share-based payment

There are three share-based payment plans, details of which are outlined below:

Plan 1: Regus Group Share Option Plan

During 2004 the Group established the Regus Group Share Option Plan that entitles Executive Directors and certain employees to purchase shares in Regus plc (previously Regus Group plc). In accordance with this programme, holders of vested options are entitled to purchase shares at the market price of the shares at the day before the date of grant.

The Regus Group also operates the Regus Group Share Option Plan (France) which is included within the numbers for the Regus Share Option Plan disclosed above. The terms of the Regus Share Option Plan (France) are materially the same as the Regus Group Share Option Plan with the exception that they are only exercisable from the fourth anniversary of the date of grant assuming the performance conditions have been met.

Reconciliation of outstanding share options

		2013		2012
	Number of share options	**Weighted average exercise price per share**	Number of share options	Weighted average exercise price per share
At 1 January	**27,211,499**	**89.53**	20,731,906	96.22
Granted during the year	**10,514,000**	**176.94**	11,269,000	84.95
Lapsed during the year	**(7,856,529)**	**96.86**	(4,789,407)	107.74
Exercised during the year	**(3,027,850)**	**57.81**	–	–
Outstanding at 31 December	**26,841,120**	**125.20**	27,211,499	89.53
Exercisable at 31 December	**775,333**	**86.29**	3,170,139	57.00

Date of grant	Numbers granted	Weighted average exercise price per share	Lapsed	Exercised	At 31 Dec 2013	Exercisable from	Expiry date
23/07/2004	4,106,981	57.00	–	(3,905,753)	201,228	23/07/2007	23/07/2014
18/05/2010	3,986,000	100.50	(3,442,661)	(54,790)	488,549	23/03/2013	23/03/2020
28/06/2010	617,961	75.00	(542,174)	(4,149)	71,638	28/06/2013	28/06/2020
01/09/2010	160,646	69.10	(146,728)	–	13,918	01/09/2013	01/09/2020
01/04/2011	2,100,000	114.90	(654,402)	–	1,445,598	01/04/2014	01/04/2021
30/06/2011	9,867,539	109.50	(4,517,225)	–	5,350,314	30/06/2014	30/06/2021
31/08/2011	300,000	67.00	–	–	300,000	31/08/2014	31/08/2021
02/09/2011	1,000,000	74.35	(92,667)	–	907,333	01/09/2014	02/09/2021
06/10/2011	300,000	64.10	(300,000)	–	–	01/10/2014	01/10/2021
30/06/2012	11,189,000	84.95	(3,161,458)	–	8,027,542	13/06/2015	13/06/2022
12/06/2013	7,741,000	155.60	(559,000)	–	7,182,000	12/06/2016	12/06/2023
18/11/2013 (Grant 1)	1,053,000	191.90	–	–	1,053,000	18/11/2016	18/11/2023
18/11/2013 (Grant 2)	600,000	191.90	–	–	600,000	18/11/2016	18/11/2023
18/12/2013 (Grant 1)	200,000	195.00	–	–	200,000	18/12/2016	18/12/2023
18/12/2013 (Grant 2)	1,000,000	195.00	–	–	1,000,000	18/12/2016	18/12/2023
Total	44,222,127	111.85	(13,416,315)	(3,964,692)	26,841,120		

280,000 options awarded during the year under the Regus Share Option Plan (France) are included in the above table (2012: 230,000), 479,620 lapsed during the year (2012: 261,560) and 3,325 were exercised during the year (2012: nil).

Performance conditions for share options

July 2004 share option plan

The options awarded in 2004 included certain performance criteria that needed to be met in order for the share options to vest. The share options vested based on the basic earnings per share (adjusted for non-recurring items and goodwill and intangible amortisation) that exceeded the targets linked to the Retail Price Index. The basic earnings per share for performance purposes was 1p. 100% of the options awarded in July 2004 vested during 2007.

May, June and August 2010 share option plan

The options awarded in May, June and September 2010 contain the following performance conditions. 50% of the options will be eligible to vest if the Regus Total Shareholder Return ('TSR') % achieved relative to the FTSE All Share Total Return index is at least at the median over the performance period. The remaining 50% of the options will be eligible to vest subject to the EPS conditions in the table below:

Vesting scale	EPS target Y/E 2012
25%	15p
50%	16p
75%	17p
100%	18p

Once performance conditions are satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
2013	1/3
2014	1/3
2015	1/3

April 2011 (Grant1) share option plan

The performance targets for the options awarded in April 2011 (Grant 1), based on pre-growth profit for the year ending 31 December 2011, were partially met. Those options that are eligible to vest will vest as follows:

	Proportion to vest
April 2014	1/3
April 2015	1/3
April 2016	1/3

June 2011 share option plan

The Group and regional performance targets for the options awarded in June 2011, based on pre-growth profit for the year ending 31 December 2011, were partially met. Those options that are eligible to vest will vest as follows:

	Proportion to vest
June 2014	1/3
June 2015	1/3
June 2016	1/3

August and October 2011 share option plan

The options awarded in August and October 2011 are conditional on the ongoing employment of the related employees for a specified period of time. Once this condition is satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
2014	1/3
2015	1/3
2016	1/3

September 2011 share option plan

The performance targets based on the consensus operating profit for the options awarded in September 2011, were partially met. These options that are eligible to vest will vest as follows:

	Proportion to vest
September 2014	1/3
September 2015	1/3
September 2016	1/3

June 2012 share option plan

The Group performance targets based on pre-growth profit for the options awarded in June 2012 were partially met. These options that are eligible to vest will vest as follows:

Vesting scale	Pre-growth profit
Good	£105m
Better	£120m
Best	£135m

Once performance conditions are satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
June 2015	1/3
June 2016	1/3
June 2017	1/3

July 2013 share option plan

The options awarded in June 2013 are subject to Group performance targets based on Group operating profit for the year ending 31 December 2013, such that the number of shares vesting will be determined as follows:

Vesting scale	Group operating

	profit
Good	£105m
Better	£115m
Best	£125m

Once performance conditions are satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
June 2016	1/3
June 2017	1/3
June 2018	1/3

November 2013 (Grant 1) share option plan

The options awarded in November 2013 (Grant 1) are conditional on the ongoing employment of the related employees for a specified period of time. Once this condition is satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
November 2016	1/3
November 2017	1/3
November 2018	1/3

November 2013 (Grant 2) share option plan

The options awarded in November 2013 (Grant 2) are subject to a performance target based on the earnings before tax for the years ending 31 December 2016 and 31 December 2017, such that the number of shares vesting will be subject to the satisfaction of a pre-determined earnings before tax target in 2016 and 2017.

Once performance conditions are satisfied those options that are eligible to vest will vest on the anniversary of the grant date in the year following achievement of one or more of the target thresholds.

December 2013 (Grant 1) share option plan

The options awarded in December 2013 (Grant 1) are conditional on the ongoing employment of the related employees for a specified period of time. Once this condition is satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
December 2016	1/3
December 2017	1/3
December 2018	1/3

December 2013 (Grant 2) share option plan

The options awarded in December 2013 (Grant 2) are subject to a performance target based on the earnings before tax for the years ending 31 December 2018 and 31 December 2021, such that the number of shares vesting will be subject to the satisfaction of a pre-determined earnings before tax target in 2018 and 2021.

Once performance conditions are satisfied those options that are eligible to vest will vest on the anniversary of the grant date in the year following attainment of one or more of the target thresholds.

Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Monte Carlo simulation or the Black-Scholes formula. The expected volatility is based on the historic volatility adjusted for any abnormal movement in share prices.

The inputs to the model are as follows:

	December 2013 (Grant 2)	**December 2013 (Grant 1)**	**November 2013 (Grant 2)**	**November 2013 (Grant 1)**	**June 2013**	June 2012	October 2011	September 2011	August 2011
Share price on grant date	**195.00p**	**195.00p**	**191.90p**	**191.90p**	**158.00p**	88.55p	68.30p	72.50p	75.90p
Exercise price	**195.00p**	**195.00p**	**191.90p**	**191.90p**	**155.60p**	84.95p	64.10p	74.35p	67.00p
Expected volatility	**32.91%**	**32.91%**	**32.69%**	**32.69%**	**40.31%–48.98%**	47.87%–52.74%	53.26%–46.55%	52.59%–46.08%	52.61%–46.13%
Number of simulations	**-**	**-**	**-**	**-**	**30,000**	30,000	30,000	30,000	30,000
Number of companies	**-**	**-**	**-**	**-**	**-**	–	–	–	–
Option life	**5 - 8 years**	**3 - 5 years**	**3 - 5 years**	**3 - 5 years**	**3 - 5 years**	3 – 5 years	3 – 5 years	3 – 5 years	3 – 5 years
Expected dividend	**1.46%**	**1.46%**	**1.46%**	**1.46%**	**2.03%**	3.27%	3.88%	3.66%	3.49%
Fair value of option at time	**52.41p - 65.95p**	**40.56p - 52.41p**	**45.73p**	**39.63p - 51.24p**	**39.21p - 58.39p**	29.88p – 31.12p	23.04p – 22.43p	22.89p – 22.71p	27.32p – 27.01p

of grant									
Risk free interest rate	**1.57% - 2.30%**	**0.85% - 1.57%**	**1.22%**	**0.85% - 1.57%**	**0.67% - 1.20%**	0.65% – 1.11%	1.15% – 1.67%	1.16% – 1.75%	1.29% – 1.91%

		June 2011		April 2011		September 2010	June 2010	March 2010
			EPS	TSR	EPS	TSR	EPS	TSR
Share price on grant date	110.70p	116.30p	70.60p	70.60p	73.20p	73.20p	94.00p	94.00p
Exercise price	109.50p	114.90p	69.10p	69.10p	75.00p	75.00p	100.50p	100.50p
Expected volatility	51.55%– 44.99%	51.23% – 45.54%	50.28% – 45.61%	50.28% – 45.61%	46.18% – 54.32%	46.99% – 56.36%	47.02% – 64.82%	46.74% – 55.98%
Number of simulations	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Number of companies	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index
Option life	3 – 5 years	3 – 5 years	3 – 5 years	3 – 5 years	3 – 5 years	3 – 5 years	3 – 5 years	3 – 5 years
Expected dividend	2.35%	2.24%	3.40%	3.40%	3.28%	3.28%	2.55%	2.55%
Fair value of option at time of grant	39.41p – 40.96p	42.19p – 44.80p	22.80p – 23.60p	21.51p – 21.51p	35.20p – 42.70p	12.40p – 17.40p	45.49p – 61.77p	19.50p – 26.30p
Risk free interest rate	1.81% – 2.57%	2.33% – 3.04%	1.51% – 2.17%	1.51% – 2.17%	2.76% – 3.05%	2.76% – 3.05%	3.07% – 3.38%	3.07% – 3.38%

Plan 2: Regus plc Co-Investment Plan (CIP) and Long Term Incentive Plan (LTIP)

The CIP operates in conjunction with the annual bonus whereby a gross bonus of up to 50% of basic annual salary will be taken as a deferred amount of shares ("Investment Shares") to be released at the end of a defined period of not less than three years, with the balance paid in cash. Awards of Matching Shares are linked to the number of Investment Shares awarded and will vest depending on the Company's future performance. The maximum number of Matching Shares which can be awarded to a participant in any calendar year under the CIP is 200% of salary. As such the maximum number of Matching Shares which can be awarded, based on Investment Shares awarded, is in the ratio of 4:1.

The LTIP provides for the Remuneration Committee to make stand-alone long-term incentive awards without reference to the annual bonus up to a maximum of 100% of salary per calendar year.

Reconciliation of outstanding share options

	2013	2012
	Number of awards	Number of awards
At 1 January	**14,742,932**	16,597,482
CIP awards granted during the year	**1,521,470**	–
LTIP awards granted during the year	**-**	–
Lapsed during the year	**(4,725,549)**	–
Exercised during the year	**(2,161,604)**	(1,854,550)
Outstanding at 31 December	**9,377,249**	14,742,932
Exercisable at 31 December	**-**	4,447,433

The weighted average share price at the date of exercise for share awards and options exercised during the year ended 31 December 2013 was 170.22p (2012: 114.66p).

Plan	Date of grant	Numbers granted	Lapsed	Exercised	**At 31 Dec 2013**	Release date
LTIP	03/11/2005	3,723,235	(1,092,819)	(2,605,993)	**24,423**	03/11/2008
LTIP*	23/03/2010	2,900,472	(2,304,207)	(596,265)	**-**	23/03/2013
		6,623,707	(3,397,026)	(3,202,258)	**24,423**	

* Of the awards of investments and matching shares under the LTIP on 23 March 2010, 1,028,539 were conditional share awards and 1,871,933 were nil cost options.

Plan	Date of grant	Numbers granted	Lapsed	Exercised	**At 31 Dec 2013**	Release date
CIP: Investment shares	18/03/2008	1,557,391	(86,956)	(1,470,435)	**-**	18/03/2011
CIP: Matching shares	18/03/2008	5,922,916	(2,367,825)	(395,012)	**3,160,079**	* See below
CIP: Investment shares	23/03/2009	2,212,734	(172,835)	(2,039,899)	**-**	23/03/2012
CIP: Matching shares	23/03/2009	8,614,284	(3,359,096)	(583,911)	**4,671,277**	* See below
CIP: Investment shares	06/03/2013	304,294	–	–	**304,294**	06/03/2016
CIP: Matching shares	06/03/2013	1,217,176	–	–	**1,217,176**	06/03/2016
		19,828,795	(5,986,712)	(4,489,257)	**9,352,826**	

*As indicated in the Remuneration Report in the Annual Report for the year ended 31 December 2009, the Remuneration Committee felt it inappropriate to set specific performance conditions for Matching Shares under the CIP which were awarded in March 2008 and March 2009.

Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Monte Carlo simulation.

The inputs to the model are as follows:

	06/03/2013	23/03/2010	23/03/2009	18/03/2008
	CIP	LTIP[(a)]	CIP[(b)]	CIP[(b)]
Share price on grant date	**143.50p**	108.10p	65.50p	80.50p
Exercise price	**Nil**	Nil	Nil	Nil
Number of simulations	**250,000**	250,000	200,000	200,000
Number of companies	**32**	32	32	36
Award life	**3 years**	3 years	3 years	3 years
Expected dividend	**2.23%**	2.22%	2.72%	1.19%
Fair value of award at time of grant	**83.11p – 134.21p**	47.00p	47.97p	61.21p
Risk free interest rate	**0.35%**	1.86%	1.92%	3.86%

(a) The LTIP awards have a release date of 23 March 2013. There is no expiry date and therefore remaining contractual life is on the basis that the awards release immediately. The LTIP nil cost options have a vesting date of 23 March 2013 and an expiry of 23 March 2020. The performance conditions are set out below.

(b) The CIP Matching Shares and Share Option Plan awards made in 2008 and 2009 did not have performance conditions set by the Remuneration Committee at the date of the award. A valuation was performed for those awards based on the terms that applied to similar awards made in previous years. The Remuneration Committee set the performance conditions for the awards made in 2008 and 2009 effective from 22 March 2010 and the valuation of these awards was updated in the year ended 31 December 2010.

It is recognised by the Remuneration Committee that the additional EPS targets represent a highly challenging goal and consequently in determining whether they have been met the Committee will exercise its discretion. The overall aim is that the relevant EPS targets must have been met on a run rate or underlying basis. As such an adjusted measure of EPS will be calculated designed to assess the underlying performance of the business.

While the Remuneration Committee reserves the right to adjust EPS as it sees fit at the time, by way of example, the following adjustments are currently anticipated for the 2008 and 2009 grants:

- In a growth company such as Regus, costs are necessarily incurred in one year to drive profits in future years. Thus it is important to ensure management is not incentivised to cut back on these investments to meet EPS targets in any one year. Accordingly those costs, incurred in the vesting year, which it considers necessary to drive future growth, will be excluded from the EPS calculation. These would include, inter alia, the costs of the business development departments, excess marketing expenditures and current year losses from investing in new locations.
- Any one-off or non-recurring costs will be excluded.
- It is expected that in the period between 2006 and 2008 the cash tax rate will rise as cumulative tax losses are utilised thereby increasing progressively the challenge of achieving a 14p EPS target. This will then be further complicated by the need to recognise deferred tax assets as the business strengthens reducing the accounting rate of tax in one year and increasing it in the next. To provide greater clarity and incentive to management EPS will be calculated based upon the cash tax rate up to a maximum of 30%.
- The Remuneration Committee is of the opinion that the EPS and performance targets are a transparent and accurate measure of the Company's performance at this time and are the key corporate metrics for driving long-term shareholder value. In addition, the TSR condition will ensure that executives are encouraged to focus on ensuring that the Company's return to shareholders is competitive compared to comparable companies.

The performance conditions are as follows:

2008 and 2009 CIP Investment and matching grants

The Remuneration Committee agreed to the following modifications to the awards made in 2008 and 2009 and that the following performance conditions would apply to these awards effective from 22 March 2010.

The total number of awards made in 2008 and 2009 to each participant was divided into three separate equal amounts and was subject to future performance periods of three, four and five years respectively. Thus, conditional on meeting the performance targets, the first amount vests in March 2013, the second vests in March 2014 and the third vests in March 2015. These vesting dates relate to the financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 respectively. The vesting of these awards is subject to the achievement of challenging corporate performance targets. 75% of each of the three amounts is subject to defined earnings per share (EPS) targets over the respective performance periods. The remaining 25% of each will be subject to relative total shareholder return (TSR) targets over the respective periods. The targets are as follows:

	EPS targets for the financial years ending		
% of awards eligible for vesting	2012	2013	2014
25%	15p	17p	18p
50%	16p	20p	22p
75%	17p	23p	26p
100%	18p	26p	30p

No shares will vest in each respective year unless the minimum EPS target for that year is achieved.

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE All Share Total Return index[a]
Nil	100%
25%	Above 100% but below 101%
Increments of 0.75%	For each complete 1% above 100%
100%	200% or above

(a) over three, four or five year performance period.

2013 CIP Investment and matching grants

The total number of awards made in 2013 to each participant was divided into three separate equal amounts and was subject to future performance periods of three, four and five years respectively. Thus, conditional on meeting the performance targets, the first amount will vest in March 2016, the second will vest in March 2017 and the third will vest in March 2018. These vesting dates relate to the financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively. The vesting of these awards is subject to the achievement of challenging corporate performance targets. 75% of each of the three amounts is subject to defined earnings per share (EPS) targets over the respective performance periods. The remaining 25% of each will be subject to relative total shareholder return (TSR) targets over the respective periods. The targets are as follows:

	EPS targets for the financial years ending		
% of awards eligible for vesting	2015	2016	2017
25%	12.0p	14.0p	16.0p
50%	12.6p	14.6p	16.6p
75%	13.3p	15.3p	17.3p
100%	14.0p	16.0p	18.0p

No shares will vest in each respective year unless the minimum EPS target for that year is achieved.

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE All Share Total Return index[a]
Below index	0%
Equal to index	25%
Equal to index + 15% p.a.	100%

(a) over three, four or five year performance period.

Plan 3: Regus plc Value Creation Plan

The VCP was introduced in 2008 as a one-off award with the objective of delivering exceptional rewards to participants provided absolute returns to shareholders are exceptional. The VCP operates over a five-year period from May 2008 to March 2013. Participants in the VCP are granted entitlements ("VCP Entitlements") to receive a maximum number of shares which shall be earned by the conversion of the VCP Entitlements into an option or series of options (the "VCP Options") which may be granted on certain dates (the "Measurement Dates") based on the Company's share price performance. The exercise price for VCP Options is the closing share price on the date of the Company's 2008 AGM.

Reconciliation of outstanding share options

	2013	2012
	Number of entitlements	Number of entitlements
At 1 January	**9,257,143**	12,857,142
VCP entitlements awarded during the year	**-**	–
Lapsed during the year	**(9,257,143)**	(3,599,999)
Outstanding at 31 December	**-**	9,257,143

Plan	Date of award	Numbers awarded	Lapsed	Exercised	**At 31 Dec 2013**	Measurement date
VCP Tier 1 awards	20/05/2008	3,500,000	(3,500,000)	–	**-**	–
VCP Tier 2 awards	20/05/2008	6,000,000	(6,000,000)	–	**-**	–
VCP Tier 3 awards	20/05/2008	10,000,000	(10,000,000)	–	**-**	–
VCP Tier 4 awards	20/05/2008	3,000,000	(3,000,000)	–	**-**	–
		22,500,000	(22,500,000)	–	**-**	31/03/2010 – 31/03/2013

The exercise price for VCP Options is the closing share price on the date of the Company's 2008 AGM. No awards were exercisable at the year-end (2012: nil).

Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Monte Carlo simulation.

The inputs to the model are as follows:

	21/05/2008

	VCP
Share price on award date	107.00p
Exercise price	107.00p
Number of simulations	200,000
Number of companies	36
Award life	1.86 – 4.86 yrs
Expected dividend	0.93%
Total fair value of awards at time of grant	£1.3m
Risk free interest rate	4.71%

The performance conditions are as follows:

		Number of shares earned less those earned at any prior measurement date			
		Tier 1 awards	Tier 2 awards	Tier 3 awards	Tier 4 awards
First measurement date 31/03/2010	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	2,500,000	4,285,714	7,142,857	2,142,857
	Share price is £3.50 or more	3,500,000	6,000,000	10,000,000	3,000,000
Second measurement date 31/03/2011	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	1,800,000	3,085,714	5,142,857	1,542,857
	Share price is £3.50 or more but less than £4.50	2,500,000	4,285,714	7,142,857	2,142,857
	Share price is £4.50 or more	3,500,000	6,000,000	10,000,000	3,000,000
Third measurement date 31/03/2012	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	1,200,000	2,057,143	3,428,571	1,028,571
	Share price is £3.50 or more but less than £4.50	1,800,000	3,085,714	5,142,857	1,542,857
	Share price is £4.50 or more	2,500,000	4,285,714	7,142,857	2,142,857
Fourth measurement date 31/03/2013	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	600,000	1,028,571	1,714,286	514,285
	Share price is £3.50 or more but less than £4.50	1,200,000	2,057,143	3,428,571	1,028,571
	Share price is £4.50 or more	1,800,000	3,085,714	5,142,857	1,542,857

The VCP awards have measurement dates of 31 March 2010, 31 March 2011, 31 March 2012 and 31 March 2013. If, at the measurement dates, the share price targets have been met the eligible VCP entitlements will be converted into options over ordinary shares. The options are not subject to further performance conditions but are exercisable on the following basis:

	In year ended 31/12/2010	In year ended 31/12/2011	In year ended 31/12/2012	In year ended 31/12/2013
Percentage of entitlements converted to options at the 31/03/2010 measurement date that can be exercised	40%	20%	20%	20%
Percentage of entitlements converted to options at the 31/03/2011 measurement date that can be exercised	–	40%	30%	30%
Percentage of entitlements converted to options at the 31/03/2012 measurement date that can be exercised	–	–	40%	60%
Percentage of entitlements converted to options at the 31/03/2013 measurement date that can be exercised	–	–	–	100%

Employee expenses

The expense recognised for employee services received during the year is shown in Note 6.

24. Retirement Benefit Obligations

The Group accounts for the Swiss pension plans as a defined benefit plans under IAS 19 Revised – Employee Benefits. The Group adopted the updated requirements of IAS 19 Revised – Employee Benefits on 1 January 2013. This change in accounting policy has no significant effect on the Group financial statements due to the immaterial nature of the plans.

The reconciliation of the net defined benefit asset/(liability) and its components is as follows:

£m	**31.12.2013**	31.12.2012
Fair value of plan assets	**3.1**	2.7
Present value of obligations	**(3.3)**	(2.9)
Net funded obligations	**(0.2)**	(0.2)

25. Acquisitions

During the year ended 31 December 2013 the Group made the following acquisitions:

Name	Region	Purchase consideration £m	Percentage of equity and voting rights acquired	Date of acquisition
Equity share capital business acquisition				
MWB Business Exchange Plc	UK	49.4	75.22	20 February 2013

The remaining 24.78% MWB Business Exchange Plc share capital was subsequently acquired on 22 March 2013 for a purchase consideration of £16.3m.

In addition to the above, a further £56.8m of purchase consideration was paid to complete a further 12 business and net asset acquisitions during the year ended 31 December 2013.

The completion of business or net asset acquisitions is a key component of our strategic aim to expand our network.

MWB Business Exchange Plc acquisition

On 20 February 2013, the Group acquired 75.22% of MWB Business Exchange Plc. The remaining non-controlling interest ("NCI") of 24.78% was subsequently acquired on 22 March 2013. The subsequent acquisition of this NCI was accounted for under the present-access method, resulting in an equity transaction of £16.3m. The total purchase consideration for MWB Business Exchange Plc was £65.7m.

£m	Book value	Final Fair value adjustments	Final Fair value
Net assets acquired			
Intangible assets	–	0.9	0.9
Property, plant and equipment	34.9	(9.4)	25.5
Cash	6.8	–	6.8
Other current and non-current assets	25.9	(7.6)	18.3
Current liabilities	(53.0)	(17.9)	(70.9)
Non-current liabilities	(23.1)	11.5	(11.6)
	(8.5)	(22.5)	(31.0)
Non-controlling interests (24.78%) recognised in the acquired net assets and liabilities of MWB Business Exchange Plc[(a)]			7.7
Goodwill arising on acquisition			72.7
Total consideration			49.4
Cash flow on acquisition			
Cash paid			49.4
Net cash outflow			49.4

(a) The remaining NCI of 24.78% was subsequently acquired on 22 March 2013. This subsequent acquisition was accounted for under the present-access method, resulting in an equity transaction of £16.3m.

The goodwill arising on the above acquisition reflects the anticipated future benefits the Group can obtain from operating the business more efficiently, primarily through savings on overheads. None of the above goodwill is expected to be deductible for tax purposes.

There was no contingent consideration arising on this acquisition.

The external acquisition costs associated with this transaction were £3.9m, recorded within selling, general and administration expenses within the consolidated income statement.

MWB Business Exchange was fully integrated into the overall operations of the Group during 2013. The Group is therefore unable to determine the contribution of MWB Business Exchange on the consolidated revenue and operating profit of the Group.

Other acquisitions, aggregated:

£m	Book value	Provisional fair value adjustments	Provisional fair value
Net assets acquired			
Intangible assets[(a)]	–	0.3	0.3
Property, plant and equipment	11.3	(1.8)	9.5
Cash	6.4	–	6.4
Other current and non-current assets	9.3	(2.1)	7.2
Current liabilities	(15.8)	2.2	(13.6)
Non-current liabilities	(10.7)	3.3	(7.4)
	0.5	1.9	2.4
Goodwill arising on acquisition[(b)]			55.3
Total consideration			57.7

Deferred consideration	0.9
	56.8
Cash flow on acquisition	
Cash paid	56.8
Net cash outflow	56.8

(a) Intangible assets comprise the fair value of customer contracts or, in the case of managed centres, the fair value of the management contract acquired.

(b) The goodwill arising on acquisition includes negative goodwill of £2.5m. The Group received £2.8m compensation in respect of potential dilapidations costs. The negative goodwill has been recognised as part of the selling, general and administration expenses line item in the consolidated income statement.

The goodwill arising on the above acquisitions reflects the anticipated future benefits Regus can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding services. £9.1m of the above goodwill is expected to be deductible for tax purposes.

There was no material contingent consideration arising on the above acquisitions.

The external acquisition costs associated with these transactions were £1.4m, recorded within selling, general and administration expenses within the interim consolidated income statement.

The Group continued to complete acquisition transactions subsequent to 31 December 2013, which will be accounted for in accordance with IFRS 3. Due to the timing of these transactions, it is not practical to disclose the information associated with the initial accounting for these acquisitions.

During the year ended 31 December 2012 the Group made a number of individually insignificant acquisitions for a total consideration of £49.6m.

£m	Book value	Provisional fair value adjustments	Fair value	Final fair value adjustments	Fair value
Net assets acquired					
Intangible assets (note 12)[a]	–	1.1	1.1	–	1.1
Property, plant and equipment (note 13)	5.1	7.3	12.4	–	12.4
Other assets	3.8	–	3.8	2.6	6.4
Current liabilities	(4.1)	–	(4.1)	(6.2)	(10.3)
Non-current liabilities	(2.9)	–	(2.9)	–	(2.9)
	1.9	8.4	10.3	(3.6)	6.7
Goodwill arising on acquisitions			39.3	3.6	42.9
Total consideration			49.6		49.6
Deferred consideration			6.3		6.3
			43.3		43.3
Cash flow on acquisition					
Cash paid			43.3		43.3
Net cash outflow			43.3		43.3

(a) Intangible assets comprise the fair value of customer contracts or, in the case of managed centres, the fair value of the management contract acquired.

The net assets recognised in the 31 December 2012 consolidated financial statements were based on a provisional assessment of their fair value. The valuation had not been completed by the date the 2012 financial statements were approved for issue by management.

In 2013, the valuation was completed and the fair value of the other assets was £6.4m, an increase of £2.6m over the provisional value and the current liabilities was £10.3m, an increase of £6.2m over the provisional value. As a result, there was also a corresponding increase in goodwill of £3.6m, resulting in £42.9m of total goodwill arising on the acquisition.

The goodwill arising on the above acquisitions reflects the anticipated future benefits Regus can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding products and services. £23.6m of the above goodwill is expected to be deductible for tax purposes.

There was no material contingent consideration arising on the above acquisitions.

The acquisition costs associated with these transactions were £0.9m, recorded within administration expenses within the consolidated income statement.

26. Capital commitments

	2013 £m	2012 £m
Contracts placed for future capital expenditure not provided for in the financial statements	**14.4**	22.8

These commitments are principally in respect of fit-out obligations on new centres opening in 2013. In addition, our share of the capital commitments of joint ventures amounted to £nil at 31 December 2013 (2012: £nil).

27. Non-cancellable operating lease commitments

At 31 December 2013 the Group was committed to making the following payments in respect of operating leases:

	2013	2012

	Property £m	Motor vehicles, plant and equipment £m	Total £m	Property £m	Motor vehicles, plant and equipment £m	Total £m
Lease obligations falling due:						
Within one year	**516.3**	**5.1**	**521.4**	437.5	0.3	437.8
Between two and five years	**1,482.1**	**10.6**	**1492.7**	1,092.3	0.4	1,092.7
After five years	**544.2**	**0.6**	**544.8**	407.3	–	407.3
	2,542.6	**16.3**	**2,558.9**	1,937.1	0.7	1,937.8

Non-cancellable operating lease commitments exclude future contingent rental amounts such as the variable amounts payable under performance based leases where the rents vary in line with a centre's performance.

28. Contingent assets and liabilities

The Group has bank guarantees and letters of credit held with certain banks, substantially in support of leasehold contracts with a variety of landlords, amounting to £109.9m (2012: £101.4m). There are no material lawsuits pending against the Group.

29. Related parties

Parent and subsidiaries entities

The consolidated financial statements include the results of the Group and the subsidiaries listed in note 30.

Joint ventures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
2013			
Joint Ventures	**2.2**	**5.2**	**5.2**
2012			
Joint Ventures	1.9	5.3	5.0

As at 31 December 2013, none of the amounts due to the Group has been provided for (2012: £nil). All outstanding balances with these related parties are priced on an arm's length basis. None of the balances is secured.

Key management personnel

No loans or credit transactions were outstanding with Directors or officers of the Company at the end of the year or arose during the year, that are required to be disclosed.

Compensation of key management personnel (including Directors):

Key management personnel include those personnel (including Directors) that have responsibility and authority for planning, directing and controlling the activities of the Group:

	2013 £m	2012 £m
Short-term employee benefits	**6.7**	5.9
Retirement benefit obligations	**0.4**	0.4
Share-based payments	**0.9**	0.3
	8.0	6.6

Share-based payments included in the table above reflect the accounting charge in the year. The full fair value of awards granted in the year was £2.5m (2012: £1.1m). These awards are subject to performance conditions and vest over three, four and five years from the award date.

Transactions with related parties

During the year ended 31 December 2013 the Group acquired goods and services from a company indirectly controlled by a Director of the Company amounting to £32,298 (2012: £30,073). There was a £10,862 balance outstanding at the year-end (2012: nil). All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances is secured.

30. Principal Group companies

The Group's principal subsidiary undertakings at 31 December 2013, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	% of ordinary share and votes held	Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – Trading companies			**Principal activity – Holding companies**		
Regus do Brasil Ltda	Brazil	100	Regus H Holdings Inc	British Virgin	100

HQ Do Brazil Administracao de bens e servicos	Brazil	100
ABC Business Centres Ltd	England	100
Regus Paris SAS	France	100
Regus GmbH & Co. KG	Germany	100
Regus Business Centres Italia Srl	Italy	100
Regus Japan KK	Japan	100
Regus Management de Mexico, SA de CV	Mexico	100
Regus Amsterdam BV	Netherlands	100
Regus Business Centre SA	Switzerland	100
HQ Global Workplaces, LLC	United States	100
Regus Business Center LLC	United States	100
Regus Management Singapore Pte Ltd	Singapore	100
Principal activity – Management companies		
Regus Australia Management Pty Limited	Australia	100
Regus Belgium SA	Belgium	100
Regus Colombia Limitada	Colombia	100
Regus Poslovni Centar d.o.o	Croatia	100
Regus Management s.r.o	Czech Republic	100
Regus Management Aps	Denmark	100
Regus Group Services Ltd	England	100
Business Centres Management Estonia OU	Estonia	100
Regus Asia Pacific Management Limited	Hong Kong	100
Regus Management Latvia	Latvia	100
UAB Regus Management Lithuania	Lithuania	100
Regus Management Malaysia Sdn Bhd	Malaysia	100
Regus Malta Management Ltd	Malta	100
Regus Amsterdam BV	Netherlands	100
Regus Management Singapore Pte Ltd	Singapore	100
Regus Management Group (Pty) Ltd	South Africa	100
Regus Management Espana SL	Spain	100
Regus Global Management Centre SA	Switzerland	100
Regus Yonetim ve Danismanlik Ltd Sirketi	Turkey	100
Regus Vietnam Assets Management	Vietnam	100

	Islands	
RGN General Partner Holdings Corp	Canada	100
RGN Limited Partner Holdings Corp	Canada	100
Insignia Partnership	Canada	100
RGN Services Limited	Canada	100
Regus Management de Chile Ltda	Chile	100
Regus Denmark Holding AS	Denmark	100
Regus Group Limited	England	100
Regus Investments Limited	England	100
Regus Business Centres (Holding)	England	100
Regus Business Centres (Trading) Limited	England	100
Regus H Holdings	England	100
Regus H (UK)	England	100
Regus Holdings UK Limited	England	100
Regus Holdings SAS	France	100
Regus Deutschland GmbH	Germany	100
Regus Germany Holding GmbH & Co. KG	Germany	100
Regus Management GmbH	Germany	100
Pathway IP S.à r.l.	Luxembourg	100
RBW Global Holding S.à r.l.	Luxembourg	100
Regus Middle East S.à r.l.	Luxembourg	100
Regus India Holdings Limited	Mauritius	100
Regus Pakistan Holdings Limited	Mauritius	100
Regus Mexico S. de RL de CV	Mexico	100
Regus Netherlands BV	Netherlands	100
Regus Business Centres BV	Netherlands	100
Regus Business Centre Norge AS	Norway	100
Regus Holding GmbH	Switzerland	100
Regus Corporation LLC	United States	100
Regus Holdings LLC	United States	100
Regus H Holdings LLC	United States	100
Regus International Services SA	Uruguay	100

31. Key judgemental areas adopted in preparing these accounts

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain judgements and assumptions that affect reported amounts and related disclosures.

Fair value accounting for business combinations

For each business combination, we assess the fair values of assets and liabilities acquired. Where there is not an active market in the category of the non-current assets typically acquired with a business centre or where the books and records of the acquired company do not provide sufficient information to derive an accurate valuation, management calculates an estimated fair value based on available information and experience.

The main categories of acquired non-current assets where management's judgement has an impact on the amounts recorded include tangible fixed assets, customer list intangibles and the fair market value of leasehold assets and liabilities. For significant business combinations management also obtains third-party valuations to provide additional guidance as to the appropriate valuation to be included in the financial statements.

Valuation of intangibles and goodwill

We evaluate the fair value of goodwill and intangibles to assess potential impairments on an annual basis, or during the year if an event or other circumstance indicates that we may not be able to recover the carrying amount of the asset. We evaluate the carrying value of goodwill at the appropriate cash-generating unit level and make that determination based upon future cash flow projections, which assume certain growth projections which may or may not occur. We record an impairment loss for goodwill when the carrying value of

the intangible asset is less than its estimated recoverable amount. Further details of the methodology and assumptions applied to the impairment review in the year ended 31 December 2013, including the sensitivity to changes in those assumptions, can be found in note 11.

Tax assets and liabilities

We base our estimate of deferred tax assets and liabilities on current tax laws and rates and, in certain cases, business plans and other expectations about future outcomes. Changes in existing laws and rates, and their related interpretations, and future business results may affect the amount of deferred tax liabilities or the valuation of deferred tax assets over time. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates. It is current Group policy to recognise a deferred tax asset when it is probable that future taxable profits will be available against which the assets can be used. The Group considers it probable if the entity has made a taxable profit in the previous year and is forecast to continue to make a profit in the foreseeable future. Where appropriate the Group assesses the potential risk of future tax liabilities arising from the operation of its business in multiple tax jurisdictions and includes provisions within tax liabilities for those risks that can be estimated reliably. Changes in existing tax laws can affect large international groups similar to Regus and could result in significant additional tax liabilities over and above those already provided for.

Onerous lease provisions

We have identified certain poor performing centres where the lease is considered onerous, i.e. the Group does not expect to recover the unavoidable lease costs up to the first break point. The accounts include a provision for our estimate of the net amounts payable under the terms of the lease to the first break point, discounted at the Group weighted average cost of capital, where appropriate.

Dilapidations

Certain of our leases with landlords include a clause obliging the Group to hand the property back in the condition as at the date of signing the lease. The costs to bring the property back to that condition are not known until the Group exits the property so the Group estimates the costs at each balance sheet date. However, given that landlords often regard the nature of changes made to properties as improvements, the Group estimates that it is unlikely that any material dilapidation payments will be necessary. Consequently provision has been made only for those potential dilapidation payments when it is probable that an outflow will occur and can be reliably estimated.

Summarised extract of Company balance sheet (prepared under Luxembourg GAAP)

	As at 31 Dec 2013 (Luxembourg GAAP) £m	As at 31 Dec 2012 (Luxembourg GAAP) £m
Assets		
C. Fixed assets		
III. Financial assets		
1. Shares in affiliated undertakings	**719.3**	750.0
2. Loans to affiliated undertakings	**-**	–
4. Loans to undertakings with which the Company is linked by virtue of participating interests	**-**	–
D. Current assets		
II. Debtors		
2. Amount owed by affiliated undertakings	**1.3**	1.1
a) becoming due and payable within one year		
III. Transferable securities		
2. Own shares	**4.1**	7.0
(5,257,380 shares of £0.01 per share (2012: 8,982,139 shares))		
IV. Cash at bank and in hand	**-**	–
E. Deferred charges	**0.1**	0.2
Total assets	**724.8**	758.3
Liabilities		
A. Capital and reserves		
I. Subscribed capital	**9.5**	9.5
II. Share premium and similar premiums	**53.7**	53.7
IV. Reserves		
1. Legal reserve	**0.9**	0.9
2. Reserve for own shares	**4.1**	7.0
4. Other reserves	**515.9**	513.0
V. Results brought forward	**146.8**	186.8
VI. Results for the financial year	**(7.7)**	(9.9)
VII. Interim dividends	**(10.4)**	(9.4)
	712.8	751.6
C. Provisions		
2. Provisions for taxation	**0.1**	0.1
3. Other provisions	**-**	–

D. Non-subordinated debts		
4. Trade creditors	**0.5**	1.2
a) becoming due and payable within one year		
6. Amounts owed to affiliated undertakings		
a) becoming due and payable within one year	**11.4**	5.4
	11.9	6.6
Total liabilities	**724.8**	758.3

Approved by the Board on 4 March 2014

Mark Dixon
Chief Executive Officer

Dominique Yates
Chief Financial Officer

Accounting policies

Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention which differs in material respects from IFRS in both the measurement and presentation of certain transactions.

The Company is included in the consolidated financial statements of Regus plc.

The balance sheet has been extracted from the full accounts of Regus plc for the period ended 31 December 2013 which are available from the Company's registered office, 26 Boulevard Royal, Luxembourg and which will be filed with both the Luxembourg Chamber of Commerce and the Jersey Register of Companies.

Financial assets

Shares in affiliated undertakings are valued at purchase price including acquisition costs. Where any permanent diminution in value is identified, value adjustments are recorded in the profit and loss account. These value adjustments are not continued if the reasons which caused their initial recording cease to apply.

Segmental analysis

Segmental analysis – management basis (unaudited)

	Americas 2013	EMEA 2013	Asia Pacific 2013	United Kingdom 2013	Other 2013	Total 2013
Mature[1]						
Workstations[4]	83,450	38,972	31,151	35,215	-	188,788
Occupancy (%)	85.5%	81.4%	83.5%	82.8%	-	83.8%
Revenue (£m)	534.0	298.3	181.6	210.7	1.7	1,226.3
Contribution (£m)	168.9	82.5	58.7	50.3	1.6	362.0
REVPOW	7,486	9,408	6,978	7,222	-	7,750
2012 Expansions[2]						
Workstations[4]	19,782	3,877	12,600	1,088	-	37,347
Occupancy (%)	73.0%	74.5%	63.5%	79.7%	-	70.1%
Revenue (£m)	75.1	19.0	39.3	6.0	-	139.4
Contribution (£m)	3.3	0.5	2.4	0.7	-	6.9
2013 Expansions[2]						
Workstations[4]	11,072	3,499	3,437	14,143	-	32,151
Occupancy (%)	54.7%	51.7%	30.3%	81.2%	-	63.4%
Revenue (£m)	28.6	16.0	4.2	110.6	-	159.4
Contribution (£m)	(14.6)	(1.6)	(3.5)	27.0	-	7.3
Closures						
Workstations[4]	680	625	-	184	-	1,489
Occupancy (%)	72.3%	85.5%	-	75.1%	-	78.2%
Revenue (£m)	2.0	4.6	-	1.8	-	8.4
Contribution (£m)	(0.3)	(0.8)	-	1.7	-	0.6
Total						
Workstations[4]	114,984	46,973	47,188	50,630	-	259,775
Occupancy (%)	80.3%	78.6%	74.3%	82.3%	-	79.3%
Revenue (£m)	639.7	337.9	225.1	329.1	1.7	1,533.5
Contribution (£m)	157.3	80.6	57.6	79.7	1.6	376.8
Unallocated contribution (£m)	-	-	-	-	-	(3.0)
REVPAW (£)	5,563	7,193	4,770	6,500	-	5,903
Period end workstations[5]						
Mature	84,409	39,735	32,312	35,529	-	191,985
2012 Expansions	19,921	3,839	12,715	1,113	-	37,588
2013 Expansions	25,074	12,622	8,477	16,909	-	63,082
Total	129,404	56,196	53,504	53,551	-	292,655

Segmental analysis – management basis (unaudited)

	Americas 2012	EMEA 2012	Asia Pacific 2012	United Kingdom 2012	Other 2012	Total 2012
Mature[1]						
Workstations[4]	83,824	38,411	30,177	35,871	–	188,283
Occupancy (%)	87.2%	80.9%	83.3%	83.1%	–	84.5%
Revenue (£m)	509.6	283.5	184.7	202.9	1.3	1,182.0
Contribution (£m)	153.4	78.3	57.7	37.6	1.2	328.2
REVPOW	6,972	9,123	7,384	6,807	–	7,429
2012 Expansions[2]						
Workstations[4]	5,493	1,834	4,271	772	–	12,370
Occupancy (%)	56.2%	47.8%	46.2%	85.0%	–	53.3%
Revenue (£m)	17.6	6.5	10.7	4.2	–	39.0
Contribution (£m)	(4.1)	(2.7)	(2.4)	0.5	–	(8.7)
Closures[3]						
Workstations[4]	1,300	1,286	109	1,111	–	3,806
Occupancy (%)	76.3%	64.3%	87.4%	67.1%	–	82.4%
Revenue (£m)	6.7	11.2	0.5	4.7	–	23.1
Contribution (£m)	1.2	1.2	0.2	(1.5)	–	1.1
Total						
Workstations[4]	90,617	41,531	34,557	37,754	–	204,459
Occupancy (%)	85.3%	79.3%	78.7%	82.7%	–	82.4%
Revenue (£m)	533.9	301.2	195.9	211.8	1.3	1,244.1
Contribution (£m)	150.5	76.8	55.5	36.6	1.2	320.6
Unallocated contribution (£m)	–	–	–	–	–	0.1
REVPAW (£)	5,892	7,252	5,669	5,610	–	6,085

Notes:

1 The Mature business comprises centres not opened in the current or previous financial year.

2 Expansions include new centres opened and acquired businesses.

3 A closure for the 2012 comparative data is defined as a centre closed during the period from 1 January 2012 to 31 December 2013.

4 Workstation numbers are calculated as the weighted average for the year.

5 Workstations available at period end.

Five year summary

	Full year ended 31 Dec 2013 £m	Full year ended 31 Dec 2012 £m	Full year ended 31 Dec 2011 £m	Full year ended 31 Dec 2010 £m	Full year ended 31 Dec 2009 £m
Revenue	**1533.5**	1,244.1	1,162.6	1,040.4	1,055.1
Cost of sales before non-recurring costs	**(1,159.7)**	(923.4)	(883.5)	(823.1)	(819.8)
Non-recurring cost of sales	**-**	–	–	(11.9)	–
Cost of sales	**(1,159.7)**	(923.4)	(883.5)	(835.0)	(819.8)
Gross profit (centre contribution)	**373.8**	320.7	279.1	205.4	235.3
Administration expenses before non-recurring expenses	**(275.9)**	(225.7)	(221.6)	(190.7)	(164.2)
Research & development	**(7.2)**	(4.5)	(3.1)	(2.6)	(1.9)
Non-recurring administration expenses	**-**	–	–	(3.9)	(2.6)
Administration expenses	**(283.1)**	(230.2)	(224.7)	(197.2)	(168.7)
Operating profit	**90.7**	90.5	54.4	8.2	69.2
Exceptional income from legal settlement	**-**	–	–	–	18.3
Operating profit (after exceptional)	**90.7**	90.5	54.4	8.2	84.9
Share of post-tax profit/(loss) of joint ventures	**0.1**	(0.3)	0.1	1.3	2.0
Share of post-tax profit of associate	**-**	–	–	–	–
Profit before financing costs	**90.8**	90.2	54.5	9.5	86.9
Finance expense	**(10.5)**	(5.9)	(6.4)	(2.1)	(3.6)
Finance income	**1.2**	0.8	1.3	1.8	3.3
Profit before tax for the year	**81.5**	85.1	49.4	9.2	86.6
Tax (charge)/credit	**(14.6)**	(14.2)	(9.0)	(5.9)	(19.2)
Profit after tax for the year	**66.9**	70.9	40.4	3.3	67.4
Attributable to:					
Equity shareholders of the parent	**66.9**	70.9	41.7	2.9	66.7
Minority interests	**-**	–	(1.3)	0.4	0.7
	66.9	70.9	40.4	3.3	67.4
Earnings per ordinary share (EPS):					
Basic (p)	**7.1p**	7.5p	4.3p	0.3p	7.1p
Diluted (p)	**7.0p**	7.5p	4.3p	0.3p	7.0p
Weighted average number of shares outstanding (‘000’s)	**943,775**	941,922	941,899	947,463	948,204
Balance sheet data (as at 31 December)					
Intangible assets	**491.7**	363.9	331.3	330.8	307.4
Property, plant and equipment	**608.7**	437.5	333.5	279.5	247.8
Deferred tax assets	**33.4**	33.9	32.2	36.6	65.1
Trade and other receivables	**423.8**	333.9	319.2	299.9	250.3
Cash, cash equivalents and liquid investments	**84.7**	132.3	197.5	204.6	245.1
Total assets	**1,642.3**	1,301.5	1,213.7	1,151.4	1,115.7
Current liabilities	**(758.8)**	612.5	578.4	541.8	504.5
Non-current liabilities	**(364.4)**	157.0	126.4	105.8	96.6
Provisions	**(4.9)**	4.6	8.2	9.8	8.2
Equity minority interests	**-**	–	–	0.1	–
Equity shareholders’ funds	**(514.2)**	527.4	500.7	493.9	506.4
Total liabilities and shareholders’ funds	**(1,642.3)**	1,301.5	1,213.7	1,151.4	1,115.7

Directors' statements

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

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law and have elected to prepare the parent company annual accounts in accordance with Luxembourg Generally Accepted Accounting Practice and applicable law.

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 Group and parent company and their profit or loss for the period.

In preparing each of the Group and parent company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company annual accounts, state whether applicable Luxembourg accounting standards have been followed, subject to any material departures disclosed and explained in the parent company annual accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that its financial statements comply with applicable law and regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, a Remuneration Report and a Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's websites.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statutory statement as to disclosure to auditor

The Directors who held office at the date of approval of this Directors' statements 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 in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

These financial statements have been approved by the Directors of the Company. The Directors confirm that the financial statements have been prepared in accordance with applicable law and regulations and that they include a fair review of the development and performance of the business and the position of the parent company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We, the Directors of the Company, confirm that to the best of our knowledge:

- the financial statements prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole; and
- the Directors' Report, including content contained by reference, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Mark Dixon
Chief Executive Officer

Dominique Yates
Chief Financial Officer

4 March 2014

Forward looking statements

This annual results announcement contains certain forward looking statements with respect to the operations of Regus. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.