3 March 2015

REGUS PLC – ANNUAL FINANCIAL REPORT ANNOUNCEMENT
YEAR ENDED 31 DECEMBER 2014

A transformational year:
Good cash generation; strong growth; attractive returns

Regus, the global workplace provider, today announces its annual results for the year ended 31 December 2014.

Key highlights:

- Strong underlying performance, with operating profit up 27% at constant currency
- Good cash performance, with £176m (18.6p per share) of cash generated before net growth capital expenditure and dividends
- Grew the network by 24% at a significantly lower average net cost of investment
- Pro-forma net debt of £55m (0.3x net debt: EBITDA). Adjusting for £84m post year end property disposals, we self-funded growth in 2014
- Achieving attractive returns on investment - 20.9% 2014 post-tax cash return on all net investment made up to 2011
- 11% increase in dividend to 4.0p

£m	2014	2013	% change actual currency	% change constant currency
Revenues	1,676.1	1,533.5	9.3%	15.8%
Gross profit	383.1	373.8	2%	9%
Overheads	(279.6)	(283.1)	1%	(4%)
Operating profit (Inc. JV)	104.3	90.8	15%	27%
Profit before tax	87.1	81.5	7%	19%
Earnings per share (p)	7.4	7.1	4%	17%
Dividend per share (p)	4.0	3.6	11%	
EBITDA	224.8	188.3	19%	29%
Return on Investment*	20.9%**	17.8%***		
Cash flow before net growth capex and dividends	175.6	115.4		
Pro-forma net debt	55.0	57.2		
Pro-forma net : EBITDA (x)	0.3	0.3		

* Calculated as: EBITDA less amortisation of partner contributions, less tax based on EBIT, less net maintenance capital expenditure / growth capital less partner contribution.
** estate up to 31 Dec 2011
*** estate up to 31 Dec 2010

Financial highlights

- Group revenue increased by 15.8% at constant currency to £1,676.1m (2013: £1,533.5m), (9.3% at actual rates)
- Overheads increased only 4% at constant currency, with a 24% increase in network
- 10% increase in final dividend to 2.75p (2013: 2.5p), a full year increase of 11%

Strong growth will enhance long-term shareholder value creation

- 166 new towns and cities added in year, increasing depth and breadth of national networks
- Now in 850 towns and cities
- 452 new locations added
- Increased network to 2,269 locations
- Across 104 countries
- £207m of net capital invested in growth
- Achieving significantly lower average cost of investment per location due to geographic and size mix and new formats

Mark Dixon, Chief Executive of Regus, said:

"Regus is performing well. Our past investments are producing attractive returns that are well above our cost of capital. This performance gives us the confidence to continue to invest, thereby enhancing future shareholder value.

As of 28 February 2015 we had clear visibility over net investments of approximately £120m which will increase the size of our network by some 400 locations. We will provide regular updates on our pipeline visibility as the year progresses.

We expect to reduce costs further as a percentage of sales as we leverage our increased scale and drive new operational efficiencies. This will further enhance our earnings.

As the world of work continues to develop, and more organisations look to outsource their workplace needs, so the future remains positive for Regus. Current trading is in line with management's expectations and we remain confident in our business model and prospects for 2015."

Details of results presentation

Mark Dixon, Chief Executive Officer, and Dominique Yates, Chief Financial Officer, are hosting a presentation today for analysts and investors at 10.30am. The presentation will take place at CityPoint, 1 Ropemaker Street, EC2Y 9HT.

For those unable to attend the presentation, please contact Jessica Ayres to obtain details for the webcast or conference call:
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Nick Cosgrove
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Chairman's statement

During 2014, Group revenues grew to £1,676.1m (2013: £1,533.5m), an increase of 15.8% at constant currency (9.3% at actual rates). Operating profit improved by 27% at constant currency to £104.3m (2013: £90.8m), up 15% at actual rates. This performance is all the more pleasing given the adverse impact of start-up costs associated with our higher investment in growth in recent years.

We evaluate the underlying performance of the business by looking at the returns we are able to generate from the investments we have made. During 2014 I am pleased to report that locations opened on or before 31 December 2011 (which for clarity are locations opened over the first 23 years of operation) achieved an annual post-tax cash return on investment of 20.9%[1], well above our cost of capital. The specific calculation methodology for these returns is covered in detail in the CFO's review.

Given these strong returns, the board was encouraged by the ability of the business to fund additional attractive investment opportunities during the year, well ahead of its original estimate of at least 300 new locations. Adding 452 locations in 2014 further strengthens the foundations for enhanced long-term shareholder returns. Furthermore, we achieved this whilst maintaining a robust balance sheet and investing less of our own capital – indeed, we actually generated net cash of £23m in the second half of the year, a period in which we added 258 new locations. We have also taken the opportunity provided by good access to debt capital to increase and diversify our available facilities.

Strategy

Our strategic objectives include growing the underlying value of our business through disciplined investment in quality workplaces that expand our national networks while providing attractive returns to shareholders. Returns to shareholders are further enhanced through our focus on efficient and scalable operations at both the centre and Group level. Our efforts to improve the communication of our performance against our strategic objectives are reflected in this Annual Report.

We continue to benefit from the trend of businesses looking to outsource non-core activities, of which real estate is one, and the shift from fixed to flexible working. These changes occur even through variations in the macroeconomic climate and, as such, they continue to present the Group with significant opportunities for growth.

Staying close to our customers and providing them with the very best service is paramount to our success. We continuously look for ways to improve the customer's experience and this underlines the importance of our continued investment in innovation. Our ability to invest in R&D at a scale unmatched by our competitors helps define and reinforce our leadership position.

We understand the benefits of engaging with the local economies in which we operate and have expanded the support for projects of our team members in their communities. In addition, while flexible working helps our customers reduce their carbon emissions, we are working to minimise the inevitable environmental impact resulting from our significant growth through ongoing energy saving and sustainability initiatives.

Board

Key roles of the Board include: assuring a sound strategy is in place and adapted to changing conditions; ensuring we have the management and resources to deliver that strategy; overseeing management's progress in its execution; and ensuring the Company and attendant risks are well managed.

As the breadth and scope of the Group's operations expand, we have undertaken a number of initiatives to ensure that the strategy can be delivered successfully. Our ongoing efforts to focus on our strategic objectives and initiatives in both Board and management activities is paying off, evidenced in the numbers we are able to present today. We continue to review and monitor our remuneration policy to ensure that the execution of our strategy includes an alignment of interests and incentives between our shareholders and executives.

In May 2014 we welcomed Nina Henderson to the Board. She has already made a strong contribution and recently assumed chairmanship of the Remuneration Committee. We have a strong and well balanced team with skills and experience that complement each other well.

People

To achieve these results we rely on the commitment and skill of our talented and experienced people. It is because of their dedication, energy and total focus on the customer that the business is the success it is. To each and every one of them, thank you.

Dividend

Over the last five years we have doubled our dividend payment per share. We remain committed to the payment of a sustainable and progressive dividend. It underlines our confidence in the long-term performance of the business, the strength of our balance sheet and the quality of our assets.

I am therefore pleased to announce that the Board is recommending an increase in the final dividend of 10% to 2.75p. Subject to the approval of shareholders at the 2014 AGM, this will be paid on 29 May 2015 to shareholders on the register at the close of business on 1 May 2015.

Douglas Sutherland

Chairman

1 Post-tax cash returns on net invested = EBITDA less amortisation of partner contribution, less tax, less maintenance capex / Gross capital expenditure less partner contribution.

Chief Executive Officer's review

Group revenues increased by 15.8% at constant currency to £1,676.1m (2013: £1,533.5) (9.3% at actual rates). Operating profit increased to £104.3m, up 27% at constant currency (15% at actual rates).

We have improved the gross margin on the locations which were added during 2012 and 2013. These locations now represent a more significant part of our overall revenue generated, which increases their relative weighting on the overall Group result. We continue to achieve a strong level of gross margin on all our locations that were open on or before 31 December 2011. The initial margin achieved by our new 2014 locations is good and on track but these are very young and a long way from financial maturity.

I am also particularly pleased with the further substantial progress achieved in improving the operational effectiveness of the business. Total Group overheads, including increased investment in R&D, were up only 4% at constant currency, whilst the size of our network increased 24%. As a result, total overheads as a percentage of revenue reduced from 18.5% to 16.7%. As we continue to grow, I expect further improvements in this regard.

Consequently, the annual post-tax cash return on investment achieved this year from centres opened on or before 31 December 2011 was 20.9%, which is a good return.

Group income statement

£m	2014	2013	Change (actual currency)	Change (constant currency)
Revenue	**1,676.1**	1533.5	9.3%	15.8%
Gross profit (centre contribution)	**383.1**	373.8	2%	9%
Overheads (inc. R&D)	**(279.6)**	(283.1)	1%	(4)%
Operating profit*	**104.3**	90.8	15%	27%
Profit before tax	**87.1**	81.5	7%	19%
Taxation	**(17.2)**	(14.6)		
Profit for the period	**69.9**	66.9	4%	17%
EBITDA	**224.8**	188.3	19%	29%

*After contribution from joint ventures

Gross margin

	Revenue £m		Gross margin %	
	2014	2013	2014	2013
Mature 11	**1,151.4**	1,212.2	28.9%	29.3%
New 12	**154.1**	136.5	17.4%	5.3%
New 13	**291.1**	156.8	10.1%	4.1%
Pre-14	**1,596.6**	1,505.5	24.5%	24.5%
New 14	**72.8**	–	(8.9)%	–
Group (including closures)	**1,676.1**	1,533.5	22.9%	24.4%

Market

The way in which people work is changing rapidly, driven by a wide variety of factors including technological change, globalisation and changing workforce dynamics, with growing recognition from large organisations that effectively harnessing these changes can underpin substantial productivity gains, alongside lower capital and operating costs. Regus' business model is firmly focused on participating in this structural shift towards flexible work.

As this trend develops, the growth in demand for high quality, flexible and conveniently located workplaces, will also continue. Our investment programme reflects this continuing growth in demand, with customers seeking workplaces in locations including our core office based locations; railway stations; motorway service stations; airports and retail outlets among many others.

Performance against our strategic objectives

Delivering attractive, sustainable returns

Our investments consistently deliver strong returns well above our cost of capital. We are confident that those made in 2014 will, in due course, achieve similar strong returns. The increased diversity of our network and number of partners is a positive development of the last few years. We now have locations from the very busiest city centres to large villages, ranging in size from 150sqm to 15,000sqm. The wide variety of format and service diversity means there is no longer a typical, average centre for the Group. Following feedback from a number of stakeholders regarding the presentation of the Group's performance, the Board has decided that additional insight can be provided through the disclosure of post-tax cash return on net investment data by year. Accordingly, I am pleased to report that locations opened on or before 31 December 2011 achieved an annual post-tax cash return on investment of 20.9% (2013: 17.8% on locations opened on or before 31 December 2010), well above our cost of capital.

Develop national networks

This has been another strong period of growth for the Group. We opened in 166 new towns and cities, increasing our coverage from 684 to 850 cities. We added 452 new locations, increasing the size of our network by 24% to 2,269. To achieve this, we invested net growth capital of £206.6m (2013: £260.2m). The reason for the lower level of investment in 2014 is mainly due to the geographic mix and diversity in deal types. As of 28 February 2015, we have visibility on growth that will call for a net capital investment of approximately £120m on some 400 new locations. We will provide updates on this as we progress through 2015. As in previous years these new investments will be a mix of organic openings and acquisitions. We believe all will meet our stringent returns criteria and deliver long-term sustainable returns, well ahead of our cost of capital.

Industry leading innovation

We have continued to invest in R&D as we look to create new formats, improve existing ones and develop new products and services. Over the period we therefore increased spend on R&D by 21% to £8.7m (2013: £7.2m).

There is continued strong interest and demand globally, from a wide variety of infrastructure owners and operators, for us to engage with and help them better serve their customers. During the year we partnered with the Singapore Government to open facilities within their public libraries as well as expanding the Regus global airport network. We launched a new initiative aimed at universities, the first deal of which was signed with Helsinki University. We also partnered with Philips, taking responsibility for the management of their innovation centre Evoluon in Eindhoven.

Controlling costs

Against an increase in the network of 24%, total overheads increased by only 4% at constant currency (down 1% at actual rates), reflecting our continued focus on cost control. Management, both in the field and at Group level, remain focused on further improving efficiency and productivity, as well as delivering scale benefits as we grow. All functions underwent some restructuring in 2014 as we invested further in management, streamlined our processes and maximised the value of our shared service centres. We also increased our investment in R&D and in our network development function to support the future growth of the business. We expect to deliver further efficiencies and scale benefits in coming years.

Outstanding teamwork

It has been a year of good progress for the Group – strategically, operationally and financially. This was achieved only with the dedication, focus and commitment of our people. As a service-based business, the strength and capabilities of our increasingly geographically diverse team are critical to achieving our objectives and I thank all of our staff for their considerable efforts.

We continually review the structure of our organisation to get the most out of our assets and to optimise on project delivery. With the continued growth and development at a country level, a strong local management presence is required. We continue to believe that our current organisational model – strong local in-country units assisted by support functions focused on strategy and process optimisation – will deliver our strategic goals.

Our ability to recruit, train, promote and retain top quality talent with diverse backgrounds is a core strength of the business and important to our long-term success. For the Group as a whole our workforce is 75% female: 25% male (2013: 70% female: 30% male); at a Group operational level the breakdown is broadly equal (no change on last year), and at a senior management level 33% of positions are held by women (2013: 30%). We remain committed to a fair approach and equal opportunities in all areas of our business.

Outlook

The business is performing well. Our past investments are producing attractive returns that are well above our cost of capital. This performance gives us the confidence to continue to invest, thereby enhancing future shareholder value. As of 28 February 2015 we had clear visibility over net investments of approximately £120m which will increase the size of our network by some 400 locations. We will provide regular updates on our pipeline visibility as the year progresses.

We expect to reduce costs further as a percentage of sales as we leverage our increased scale and drive new operational efficiencies. This will further enhance earnings.

As the world of work continues to develop, and more organisations look to outsource their workplace needs, so the future remains positive for Regus. Current trading is in line with management's expectations and we remain confident in our business model and prospects for 2015.

Mark Dixon
Chief Executive Officer
3 March 2015

Chief Financial Officer's review

Return on investment

Our growth strategy is returns driven and focused on achieving our post-tax cash payback criteria, which typically is within four years. Therefore, as highlighted in our 2014 interim results statement, we believe it is more appropriate to report on value creation by referencing the net investments made and the associated returns generated.

For the 12 months to 31 December 2014 the Group delivered an annual post-tax cash return on investment of 20.9% in respect of locations opened on or before 31 December 2011, and which are therefore more established in respect of their financial performance (2013: 17.8% based on locations opened on or before 31 December 2010). This demonstrates returns ahead of the Group's cost of capital, thereby generating strong shareholder value. These returns are based on the post-tax cash return divided by the net growth capital investment. The post-tax return is calculated as the EBITDA achieved, less the amortisation of any partner capital contribution, less tax based on the EBITand after deducting maintenance capital expenditure. Net growth capital investment is the growth capital after any partner contributions. This provides an appropriate and conservative measure of cash return.

The graph below shows the post-tax cash returns achieved in 2014 by individual year, back to 2007, and the performance of all those locations added on or before 31 December 2006.

Returns vary between year groups for a number of reasons, notably variations in geographical performance, different investment levels from mix of deal types and movements in currency exchange rates from date of investment to current year.

2014 Post tax cash return on net investment by year group (%)

Year of opening	06 & earlier	07	08	09	10	11	12	13	14
Post-tax cash return	21.4%	26.8%	18.0%	14.9%	24.3%	15.3%	4.2%	0.0%	(9.5%)
Net growth investment on locations opened in year* £m	458.2	49.6	44.1	20.5	53.4	79.7	146.8	250.0	196.1

* Note these amounts relate to net investment based on the year of opening of the centre. Depending on the timing of opening, some capital expenditure can be incurred in the calendar year before or after opening.

Simplified overhead allocation

We have simplified the methodology by which Group overheads are allocated to specific investment years.

The allocation of Group overheads used in the returns calculations below is now based on two simple criteria. Sales and marketing related overheads continue to be allocated on the basis of actual new workstation sales made in the relevant financial reporting period. The remainder of the Group overhead base is then allocated on a time apportioned pro-rata basis by reference to the average number of available workstations, with no weighting for growth.

Developing the network

During 2014 we invested net growth capital of £206.6m, adding a further 452 locations to the network. In 2013 we invested net growth capital expenditure of £260.2m, adding 448 locations. This represents a reduction in the net capital cost per location, which we are pleased to have achieved. It reflects various factors including; geographic mix; different location formats and size; increased levels of partnering; balance between acquisition and organic growth; and a more rigorous approach to the design of new locations to reduce capital cost. We are confident that the returns from the investments made in 2014 will, in due course, be attractive and ahead of the Group's cost of capital.

We continue to have a good pipeline of new openings. As of 28 February 2015 we had visibility on growth that will cost in the region of £120m and represent some 400 new locations. We will provide updates on our pipeline visibility as we progress through 2015.

Financial performance

Revenue

As noted previously, every potential investment is rigorously evaluated by our internal Investment Committee and has to meet the 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 Group has produced another good set of results whilst delivering against our key strategic objectives, notwithstanding the negative impact from the strength of sterling on the translation of our significant international earnings. Group revenues increased 15.8% at constant currency to £1,676.1m (2013: £1,533.5m), an increase of 9.3% at actual rates.

Gross profit

Group gross profit improved 9% at constant currency rates to £383.1m (2013: £373.8m), up 2% at actual rates. As highlighted in the CEO review, the decline in the Group gross margin from 24.4% to 22.9% reflects the impact of dilution from a relatively higher number of immature locations as we have invested significantly in growing the network over the last couple of years, even though the margin performance of these newer year groups improved. The mature gross margin (from locations added on or before 31 December 2012), based on a like-for-like estate, improved from 26.8% to 27.7%, as highlighted in the table below.

Gross margin

£m	Mature centres 2014	New centres 2014	Closed centres 2014	Total 2014
Revenue	1,305.5	363.9	6.7	1,676.1
Cost of sales	(944.2)	(341.0)	(7.8)	(1,293.0)
Gross profit (centre contribution)	361.3	22.9	(1.1)	383.1
Gross margin	27.7%	6.3%	(16.4)%	22.9%

Group income statement

£m	**2014**	**2013**	Actual %	Constant %
Revenue	1,676.1	1,533.5	9.3%	15.8%
Gross profit (centre contribution)	383.1	373.8	2%	9%
Overheads	(279.6)	(283.1)	1%	(4)%
Joint ventures	0.8	0.1		
Operating profit	104.3	90.8	15%	27%
Net finance costs	(17.2)	(9.3)		
Profit before tax	87.1	81.5	7%	19%
Taxation	(17.2)	(14.6)		
Effective tax rate	19.7%	17.9%		
Profit for the period	69.9	66.9	4%	17%
Basic EPS (p)	7.4	7.1	4%	17%
Depreciation & amortisation	120.5	97.5		
EBITDA	224.8	188.3	19%	29%

Improved overhead efficiency

At a time of continued and significant growth the Group has made further good progress in relation to the total overheads. Management remain focused on improving efficiency and productivity, as well as delivering scale benefits as we grow. All of our functions underwent some restructuring this year as we invested in management and looked to further streamline our processes and maximise the value of our shared service centres. As a consequence, and in spite of significant growth, overheads grew only 4% at constant currency to £279.6m (down 1% at actual rates), against a 24% increase in our network of locations. We also continued to increase investment in R&D, up 21% to £8.7m, and in our network development function to support future growth. As a percentage of revenues, total overheads declined from 18.5% in 2013 to 16.7% in 2014. We continue to maintain a strong focus on overhead discipline and anticipate further scale benefits to be delivered.

Operating profit

As a result of this strong cost discipline and scale benefits, operating profit increased 27% at constant currency to £104.3m (2013: £90.8m), up 15% at actual rates. Consequently, the Group statutory operating profit margin increased from 5.9% to 6.2%.

Net finance costs
As anticipated, the Group's net finance costs have increased significantly from £9.3m to £17.2m. This increase reflects the following factors:

• Net debt has increased significantly, albeit by less than originally expected, from £57m to £138m as the Group has invested in growth.
• Available debt finance increased by £164m to £484m to ensure appropriate financing headroom. With the increased availability came the attendant carry costs.
• Taking advantage of the low interest rate environment and to provide the Group with certainty of financing costs and protection against higher interest rates, swaps were utilised during the period to convert a substantial portion of debt from floating to fixed rates.

Within the overall net finance costs, the Group also incurred a notional, non-cash, interest charge of £2.0m (2013: £2.1m) relating to the accounting treatment of fair value adjustments on various acquisitions
in past years.

Tax
The tax charge for the year was 19.7% (2013: 17.9%). This tax rate is consistent with our anticipated long-term effective tax rate of 20%.

Earnings per share
Group earnings per share increased 17% at constant currency to 7.4p (2013: 7.1p), up 4% at actual rates. This reflects the increase in net income, after higher interest costs associated with growing the business, the increase in the effective tax rate noted above and the attendant initial losses associated with new locations.

The weighted average number of shares in issue for the year was 944,081,638 (2013: 943,775,413). During the year the Group purchased 9,484,516 shares designated to be held in treasury. The Group has also over the same period reissued 1,858,441 shares from treasury.

Cash flow
Group cash generation continues to be strong. Cash generated before the investment in growth capital expenditure and the payment of dividends increased to £176m, representing 18.6p per share. We are pleased that we have been able to continue to find attractive investment opportunities that meet our returns criteria and build further long-term shareholder value. Accordingly, the £176m of cash generated has been applied to fund a substantial proportion of the 24% growth in locations in 2014. In total, this involved a net capital outflow on growth of £206.6m after deducting £47m of cash capital contributions received in the period from partners. This represents a lower level of net growth capital investment than in the corresponding year for a similar number of locations added. Notwithstanding this, thegrowth in 2014 exceeded that which the Group could self-fund. So, together with the payment of the dividend, net debt increased by £81m.

As our business grows in scale so does its ability to fund future growth from internal cash generation. For example, in the second half of the year the business generated £23m of net cash from a first half net debt position of £161m, despite adding 258 new locations, albeit the Group experienced some positive working capital movements over the year-end.

Cash flow

£m	2014	2013
Group EBITDA	224.8	188.3
Working capital	75.1	64.1
Less: growth related partner contributions	(47.0)	(60.4)
Maintenance capital expenditure	(53.8)	(53.2)
Taxation	(20.9)	(17.1)
Finance costs	(13.5)	(5.5)
Other items	10.9	(0.8)
Cash flow before growth capital expenditure and dividends	175.6	115.4
Gross growth capital expenditure	(253.6)	(320.6)
Less: growth related partner contributions	47.0	60.4
Net growth capital expenditure[2]	(206.6)	(260.2)
Total net cash flow from operations	(31.0)	(144.8)
Corporate financing activities	(17.3)	0.4
Dividend	(35.4)	(31.1)
Opening net cash/debt	(57.2)	120.0
Exchange movements	2.9	(1.7)
Closing net debt	(138.0)	(57.2)

2 Net growth capital expenditure of £206.6m relates to the cash outflow in 2014. Accordingly, it includes capital expenditure related to locations added in 2013 and 2015, as well as 2014. The total net investment in the 2014 additions amounts to £196.1m so far.

Balance sheet & gearing

We closed the year with a net debt position of £138m. This represents a Group EBITDA leverage ratio of 0.6 times, an improvement since the half year. It remains our intention to keep this ratio below c. 1.5 times in order to maintain our prudent approach to the Group's capital structure.

Balance sheet management is an important activity and the Group's capital structure is kept under regular review. The Group currently has £484m of debt funding facilities, which is made up of a £320m Revolving Credit Facility and £164m (€210m) "Schuldschein" debt securities issued during 2014. The proceeds of the latter, which was well supported by the market and consisted of €165m of three-year notes and €45m of five-year notes, was used to reduce the borrowing on the Revolving Credit Facility.

Taking advantage of the very low interest rate environment and to provide greater certainty over financing costs and cash flows over the medium term, the Group took out swaps to convert the floating rates on the £164m (€210m) debt securities into fixed rates. A currency swap was also used to maintain the currency profile of our debt.

During 2014 the Group was accorded a credit rating of A- for long-term debt and A1 for short-term debt by Egan-Jones. Egan-Jones is a Nationally Recognized Statistical Ratings Organization and is recognised by the National Association of Insurance Commissioners as a Credit Rating Provider.

Our growth programme is the single largest user of the cash the Group generates. Accordingly, our capital expenditure plans remain flexible and we have the ability to adjust future investment levels in a timely manner.

Post year-end disposal

Since the year-end we have completed the sale of various portfolios of property assets. These disposals raised £84m of cash and an exceptional profit of approximately £20m after expenses, which will be reported in our 2015 interim results.

Deducting these proceeds from our closing net debt provides a pro-forma closing position of £55m. This is almost identical to the £57m opening net debt level for the year, and is testament to the Group's attractive cash generation capability given the strong level of investment in growth through the year. This disposal would have reduced the Group's pro-forma net debt to EBITDA ratio to 0.3x at the end of 2014.

Foreign exchange

The Group's results are exposed to translation risk from movement in currencies. Our reporting currency is sterling; in the final quarter of 2013 sterling strengthened considerably and this trend continued for much of 2014. As a result the movement in exchange rates during the period had a negative impact on the translation of our financial results. Overall, the strength of sterling reduced our reported revenue, gross profit and operating profit by £99.7m, £24.4m and £11.4m respectively over the corresponding period last year.

In recent months we have witnessed the US dollar start to strengthen against sterling. Whilst this is encouraging, sterling has however continued to strengthen against both the yen and euro. Overall, however, based on current exchange rates and the relative weight of our US dollar earnings, there is currently a mild tailwind as we look forward to 2015, rather than the strong headwind experienced through 2014.

The table below sets out the principal exchange rates affecting the reporting of the Group's international profits and net assets.

	At 31 December			Annual average		
Per £ sterling	2014	2013	%	2014	2013	%
US dollar	1.56	1.65	(5)%	1.64	1.57	4%
Euro	1.28	1.20	7%	1.25	1.18	6%
Japanese yen	186	174	7%	175	153	14%

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 20-23 and 36 and 37 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 2014. Details of related party transactions that have taken place in the period can be found in note 30 to the 2014 Annual Report and Accounts (page 87).

Dividends

In considering returns to equity shareholders, the Board aims to provide a progressive dividend, with consideration to both profitability and cash generation, at a level that is sustainable across the cycle. Consistent with this policy and subject to shareholder approval, we will increase the final dividend for 2014 by 10% to 2.75p (2013: 2.5p). This will be paid on Friday 29 May 2015, to shareholders on the register at the close of business on Friday 1 May 2015. This represents an increase in the full year dividend of 11%, taking it from 3.6p for 2013 to 4.0p for 2014.

Dominique Yates
Chief Financial Officer
3 March 2015

Consolidated income statement

Continuing operations	Notes	Year ended 31 Dec 2014 Total £m	Year ended 31 Dec 2013 Total £m
Revenue	3	1,676.1	1,533.5
Cost of sales		(1,293.0)	(1,159.7)
Gross profit (centre contribution)		383.1	373.8
Selling, general and administration expenses		(270.9)	(275.9)
Research and development expenses		(8.7)	(7.2)
Share of profit of equity-accounted investees, net of tax		0.8	0.1
Operating profit	5	104.3	90.8
Finance expense	7	(17.3)	(10.5)
Finance income	7	0.1	1.2
Net finance expense		(17.2)	(9.3)
Profit before tax for the year		87.1	81.5
Income tax expense	8	(17.2)	(14.6)
Profit after tax for the year		69.9	66.9
Profit attributable to:			
Equity shareholders of the parent		69.9	66.9
Non-controlling interests		–	–
Profit after tax for the year		69.9	66.9
Earnings per ordinary share (EPS):			
Basic (p)	9	7.4	7.1
Diluted (p)	9	7.2	7.0

Consolidated statement of comprehensive income

	Notes	Year ended 31 Dec 2014 £m	Year ended 31 Dec 2013 £m
Profit for the year		69.9	66.9
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges – effective portion of changes in fair value		(2.7)	–
Foreign currency translation differences for foreign operations, net of income tax		6.1	(27.4)
Items of other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		3.4	(27.4)
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit liability		–	0.2
Items of other comprehensive income that will never be reclassified to profit or loss in subsequent periods		–	0.2
Other comprehensive income for the period, net of income tax		3.4	(27.2)
Total comprehensive income for the year		73.3	39.7
Total comprehensive income attributable to:			
Equity shareholders of the parent		73.3	39.7
Non-controlling interests		–	–
Total comprehensive income for the year		73.3	39.7

Consolidated statement of changes in equity

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

	Attributable to equity holders of the parent[a]									
	Share capital £m	Treasury shares £m	Foreign currency translation reserve £m	Hedging 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 2013	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	–	–	–	–	–	–	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 26)	–	–	–	–	–	–	(16.3)	(16.3)	(7.7)	(24.0)
Acquisition of non-controlling interest (note 26)	–	–	–	–	–	–	(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
Total comprehensive income for the year:										
Profit for the year	–	–	–	–	–	–	69.9	69.9	–	69.9
Other comprehensive income:										
Remeasurement of defined benefit liability, net of tax (note 25)	–	–	–	–	–	–	–	–	–	–
Cash flow hedges – effective portion of changes in fair value	–	–	–	(2.7)	–	–	–	(2.7)	–	(2.7)
Foreign currency translation differences for foreign operations, net of tax	–	–	6.1	–	–	–	–	6.1	–	6.1
Total other comprehensive income, net	–	–	6.1	(2.7)	–	–	–	3.4	–	3.4
Total comprehensive income for the year	–	–	6.1	(2.7)	–	–	69.9	73.3	–	73.3
Transactions with owners, recorded directly in equity										
Share-based payments	–	–	–	–	–	–	2.6	2.6	–	2.6
Ordinary dividend paid (note 10)	–	–	–	–	–	–	(35.4)	(35.4)	–	(35.4)
Purchase of treasury shares in Regus Plc	–	(17.2)	–	–	–	–	–	(17.2)	–	(17.2)
Settlement of share awards	–	1.4	–	–	–	–	(1.5)	(0.1)	–	(0.1)
Balance at 31 December 2014	9.5	(19.9)	12.7	(2.7)	10.5	15.3	512.0	537.4	–	537.4

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

At 31 December 2014 treasury shares represent 12,883,455 (2013: 5,257,380) 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, 9,484,516 shares were purchased in the open market and 1,858,441 treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 3 March 2015, 12,883,455 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 2014 £m	As at 31 Dec 2013 £m
Non-current assets			
Goodwill	11	497.2	438.7
Other intangible assets	12	52.7	53.0
Property, plant and equipment	13	718.8	608.7
Deferred tax assets	8	40.0	33.4
Other long-term receivables	14	49.3	37.5
Investments in joint ventures	20	0.7	1.3
Total non-current assets		1,358.7	1,172.6
Current assets			
Trade and other receivables	15	440.1	376.9
Corporation tax receivable	8	12.5	8.1
Assets held for sale	17	62.6	–
Cash and cash equivalents	22	72.8	84.7
Total current assets		588.0	469.7
Total assets		1,946.7	1,642.3
Current liabilities			
Trade and other payables (incl. customer deposits)	16	(670.2)	(570.8)
Deferred income		(205.3)	(179.8)
Corporation tax payable	8	(10.3)	(6.2)
Obligations under finance leases	18	–	–
Bank and other loans	18	(1.4)	(1.2)
Provisions	19	(2.6)	(0.8)
Liabilities held for sale	17	(2.1)	–
Total current liabilities		(891.9)	(758.8)
Net current liabilities		(303.9)	(289.1)
Total assets less current liabilities		1,054.8	883.5
Non-current liabilities			
Other payables	16	(292.9)	(220.6)
Non-current derivative financial liabilities	23	(7.7)	(0.1)
Obligations under finance leases	18	(0.1)	(0.1)
Bank and other loans	18	(209.3)	(140.6)
Deferred tax liability	8	(2.2)	(1.6)
Provisions	19	(4.3)	(4.9)
Provision for deficit on joint ventures	20	(0.7)	(1.2)
Retirement benefit obligations	25	(0.2)	(0.2)
Total non-current liabilities		(517.4)	(369.3)
Total liabilities		(1,409.3)	(1,128.1)
Total assets less liabilities		537.4	514.2
Total equity			
Issued share capital	21	9.5	9.5
Treasury shares		(19.9)	(4.1)
Foreign currency translation reserve		12.7	6.6
Hedging reserve		(2.7)	–
Revaluation reserve		10.5	10.5
Other reserves		15.3	15.3
Retained earnings		512.0	476.4
Total shareholders' equity		537.4	514.2
Non-controlling interests		–	–
Total equity		537.4	514.2
Total equity and liabilities		1,946.7	1,642.3

Approved by the Board on 3 March 2015

Mark Dixon — Dominique Yates

Chief Executive Officer — Chief Financial Officer

Consolidated statement of cash flows

	Notes	Year ended 31 Dec 2014 £m	Year ended 31 Dec 2013 £m
Profit before tax for the year		87.1	81.5
Adjustments for:			
Net finance expense	7	17.2	9.3
Share of profit of equity-accounted investees, net of tax	20	(0.8)	(0.1)
Depreciation charge	5, 13	107.5	87.8
(Gain)/loss on disposal of property, plant and equipment		(0.9)	0.9
Amortisation of intangible assets	5, 12	13.0	9.7
Increase/(decrease) in provisions	19	1.2	(4.0)
Share-based payments		2.6	2.7
Other non-cash movements		–	2.3
Operating cash flows before movements in working capital		226.9	190.1
Increase in trade and other receivables		(27.7)	(74.4)
Increase in trade and other payables		102.8	138.5
Cash generated from operations		302.0	254.2
Interest paid		(13.6)	(6.7)
Tax paid		(20.9)	(17.1)
Net cash inflow from operating activities		267.5	230.4
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	26	(91.0)	(93.0)
Dividends received from joint ventures	20	1.0	0.8
Purchase of joint ventures		0.6	(0.4)
Proceeds on sale of property, plant and equipment		7.3	–
Purchase of property, plant and equipment	13	(205.4)	(248.9)
Purchase of intangible assets	12	(11.0)	(15.6)
Interest received	7	0.1	1.2
Net cash outflow from investing activities		(298.4)	(355.9)
Financing activities			
Net proceeds from issue of loans		438.2	132.7
Repayment of loans		(361.6)	(2.4)
Repayment of principal under finance leases		–	(0.5)
Acquisitions of non-controlling interests	26	–	(16.3)
Re-issuance of treasury shares		1.4	–
Purchase of shares		(17.2)	(2.3)
Settlement of share awards		(1.5)	(1.1)
Payment of ordinary dividend	10	(35.4)	(31.1)
Net cash inflow from financing activities		23.9	79.0
Net decrease in cash and cash equivalents		(7.0)	(46.5)
Cash and cash equivalents at beginning of year		84.7	132.3
Effect of exchange rate fluctuations on cash held		(4.9)	(1.1)
Cash and cash equivalents at end of year	22	72.8	84.7

Notes to the accounts

1. Authorisation of financial statements

The Group and Company financial statements for the year ended 31 December 2014 were authorised for issue by the Board of Directors on 3 March 2015 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 31, and information on other related party relationships of the Group is provided in note 30.

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 90 and 91 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 2014 did not have a material effect on the Group financial statements, unless otherwise indicated.

The following standards, interpretations and amendments to standards were adopted by the Group for periods commencing on 1 January 2014:

IAS 19	Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
IAS 27	Separate Financial Statements (Revised) (and subsequent amendments)
IAS 28	Investments in Associates and Joint Ventures (Revised)
IAS 32	Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
IAS 36	Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
IFRS 10	Consolidated Financial Statements (and subsequent amendments)
IFRS 11	Joint Arrangements (and subsequent amendments)
IFRS 12	Disclosure of Interests in Other Entities (and subsequent amendments)
IFRIC 21	Levies
Various	Annual Improvements (2010 – 2012 Cycle)
Various	Annual Improvements (2011 – 2013 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 32.

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 as described in note 23.

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 50 to 89 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 11 to 13 of the Annual Report and Accounts as well as the Group's principal risks and uncertainties as set out on pages 20 to 23.

Further details on the going concern basis of preparation can be found in note 23 to the notes to the consolidated financial statements on page 73.

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, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.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 2015 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:

IAS 16	Revaluation method – proportionate restatement of accumulated depreciation – Amendments to IAS 16	1 January 2016
IAS 38	Revaluation method – proportionate restatement of accumulated amortisation – Amendments to IAS 38	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

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 controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 2014. At each reporting date, the Group reviews the carrying amount of its non-financial assets to determine whether there is an indicator of impairment. If any indicator is identified, then the assets' recoverable amount is re-evaluated.

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.

Assets held for sale
Assets held for sale are measured at the lower of the carrying value of the identified assets and its fair value less cost to sell.

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

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 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 the 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.

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 are included in other finance costs (note 7).

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 expired.

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in the income statement.

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 foreign 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 23. 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	
	2014	2013	2014	2013
US dollar	1.56	1.65	1.64	1.57
Euro	1.28	1.20	1.25	1.18
Japanese yen	186	174	175	153

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 2013. 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	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Revenues from external customers	677.9	639.7	369.5	337.9	242.0	225.1	386.1	329.1	0.6	1.7	1,676.1	1,533.5
Revenues from internal customers	0.3	0.3	0.5	0.8	–	0.3	1.2	1.3	–	–	2.0	2.7
Segment revenues	678.2	640.0	370.0	338.7	242.0	225.4	387.3	330.4	0.6	1.7	1,678.1	1,536.2
Gross profit (centre contribution)	149.3	157.3	79.0	80.6	60.6	57.6	94.0	79.7	1.1	1.6	384.0	376.8
Reportable segment profit	77.6	71.3	24.4	29.7	26.6	27.9	68.8	39.6	(9.0)	(5.3)	188.4	163.2
Share of profit of joint ventures	–	–	1.7	1.2	–	–	(0.9)	(1.1)	–	–	0.8	0.1
Finance expense	(1.3)	(0.6)	(0.2)	(0.1)	(0.7)	(0.5)	(2.1)	(2.2)	–	–	(4.3)	(3.4)
Finance income	–	–	0.3	0.2	(0.1)	–	0.1	–	–	–	0.3	0.2
Depreciation and amortisation	59.5	45.8	17.8	14.8	14.7	13.1	18.5	17.1	7.4	4.0	117.9	94.8
Taxation (income)/charge	1.3	(2.5)	(5.9)	(5.1)	(5.9)	(3.7)	2.2	(2.4)	(8.9)	(0.9)	(17.2)	(14.6)
Assets	1,017.4	944.3	347.6	344.4	257.0	211.3	579.9	508.5	1.7	1.9	2,203.6	2,010.4
Liabilities	(915.9)	(632.2)	(435.9)	(419.8)	(243.8)	(194.1)	(582.1)	(530.9)	(0.3)	(0.6)	(2,178.0)	(1,777.6)
Net assets/(liabilities)	101.5	312.1	(88.3)	(75.4)	13.2	17.2	(2.2)	(22.4)	1.4	1.3	25.6	232.8
Non-current asset additions	118.9	172.8	35.3	29.6	31.1	33.0	19.8	14.9	–	–	205.1	250.3

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.

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:

	2014		2013	
£m	External revenue	Non-current assets[(a)]	External revenue	Non-current assets[(a)]
Country of domicile – Luxembourg	4.9	1.5	3.7	1.5
United States of America	524.9	575.6	492.6	481.9
United Kingdom	386.1	275.7	329.5	254.1
All other countries	760.2	465.9	707.7	401.7
	1,676.1	1,318.7	1,533.5	1,139.2

(a) Excluding deferred tax assets.

	2014							
£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	1,678.1	384.0	188.4	0.8	(4.3)	0.3	117.9	185.2
Exclude: Internal revenue	(2.0)	(2.0)	–	–	–	–	–	–
Corporate overheads	–	1.1	(84.9)	–	(12.1)	(0.2)	2.6	(97.2)
Foreign exchange gains and losses	–	–	–	–	(0.9)	–	–	(0.9)
Published Group total	1,676.1	383.1	103.5	0.8	(17.3)	0.1	120.5	87.1

	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

	2014		
£m	Assets	Liabilities	Net assets/ (liabilities)
Reportable segment results	2,203.6	(2,178.0)	25.6
Exclude: Segmental inter-company amounts	(405.5)	1,012.5	607.0
Corporate overheads assets and liabilities (excluding amounts due to/from reportable segments):			
Cash	30.0	–	30.0
Deferred taxation	23.6	–	23.6
Bank and other loans	–	(203.6)	(203.6)
Other	95.0	(40.2)	54.8
Published Group total	1,946.7	(1,409.3)	537.4

	2013		
£m	Assets	Liabilities	Net assets/ (liabilities)
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

5. Operating profit

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

	Notes	2014 £m	2013 £m
Depreciation on property, plant and equipment			
Owned assets	13	107.0	87.1
Finance leases	13	0.5	0.7
Amortisation of intangibles	12	13.0	9.7
Provision for bad debts	23	4.5	1.1
(Profit)/loss on disposal of property, plant and equipment		(0.9)	0.9
Exchange losses/(gains) recognised in the income statement		–	(0.1)
Rents payable in respect of operating leases			
Property		572.6	527.6
Contingent rents paid		26.5	24.8
Equipment		2.4	2.1
Amortisation of acquisition fair value adjustments		(5.0)	(5.2)
Amortisation of partner contributions		(26.6)	(21.6)
Amortisation of acquired lease fair value adjustments		(5.2)	(4.9)
Staff costs	6	334.6	316.1

	2014 £m	2013 £m
Fees payable to the Group’s auditor for the audit of the Group accounts	0.7	0.8
Fees payable to the Group’s auditor and its associates for other services:		
The audit of the Company’s subsidiaries pursuant to legislation	1.0	0.9
Other services pursuant to legislation		
Tax services	–	–
Other services	–	0.1

6. Staff costs

	2014 £m	2013 £m
The aggregate payroll costs were as follows:		
Wages and salaries	281.9	265.3
Social security	45.6	44.3
Pension costs	4.6	3.8
Share-based payments	2.5	2.7
	334.6	316.1

	2014 Average full time equivalents	2013 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	6,159	5,582
Sales & marketing staff	601	787
Finance staff	742	856
Other staff	1,198	1,150
	8,700	8,375
Americas	3,065	3,110
EMEA	1,929	1,724
Asia Pacific	1,497	1,255
United Kingdom	1,046	1,151
Corporate functions	1,163	1,135
	8,700	8,375

Details of Directors' emoluments and interests are given on pages 38 to 45 in the Remuneration Report of the Annual Report and Accounts.

7. Net finance expense

	2014 £m	2013 £m
Interest payable and similar charges on bank loans and corporate borrowings	(8.4)	(3.4)
Interest payable and similar charges on finance leases	–	–
Total interest expense	(8.4)	(3.4)
Other finance costs	(7.0)	(5.1)
Unwinding of discount rates	(1.9)	(2.0)
Total finance expense	(17.3)	(10.5)
Total interest income	0.1	1.2
Unwinding of discount rates	–	–
Total finance income	0.1	1.2
Net finance expense	(17.2)	(9.3)

8. Taxation

(a) Analysis of charge in the year

	2014 £m	2013 £m
Current taxation		
Corporate income tax	(17.6)	(17.4)
Previously unrecognised tax losses and temporary differences	0.9	1.2
(Under)/over provision in respect of prior years	(3.9)	2.4
Total current taxation	(20.6)	(13.8)
Deferred taxation		
Origination and reversal of temporary differences	(11.0)	(7.8)
Previously unrecognised tax losses and temporary differences	15.5	7.1
Under provision in respect of prior years	(1.1)	(0.1)
Total deferred taxation	3.4	(0.8)
Tax charge on profit	(17.2)	(14.6)

(b) Reconciliation of taxation charge

	2014		2013	
	£m	%	£m	%
Profit before tax	87.1		81.5	
Tax on profit at 29.22% (2013: 29.22%)	(25.5)	(29.2)	(23.8)	(29.2)
Tax effects of:				
Expenses not deductible for tax purposes	(9.5)	(10.9)	(3.3)	(4.0)
Items not chargeable for tax purposes	24.8	28.5	19.4	23.8
Recognition of previously unrecognised deferred tax assets	16.4	18.8	8.3	10.2
Movements in temporary differences in the year not recognised in deferred tax	(20.2)	(23.3)	(17.6)	(21.6)
Adjustment to tax charge in respect of previous years	(5.0)	(5.7)	2.3	(2.8)
Differences in tax rates on overseas earnings	1.8	2.0	0.1	0.1
	(17.2)	(19.8)	(14.6)	(17.9)

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:

	2014 £m	2013 £m
2014	–	1.3
2015	0.7	0.7
2016	3.2	3.7
2017	13.6	6.0
2018	12.5	14.1
2019	17.7	1.8
2020	29.1	29.7
2021	9.7	11.0
2022 and later	45.8	49.5
	132.3	117.8
Available indefinitely	210.8	205.7
Tax losses available to carry forward	343.1	323.5
Amount of tax losses recognised in the deferred tax asset	107.1	118.1
Total tax losses available to carry forward	450.2	441.6

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

	2014 £m	2013 £m
Intangibles	30.4	36.0
Accelerated capital allowances	13.5	14.8
Tax losses	91.0	87.0
Rent	11.3	9.3
Short-term timing differences	6.6	7.3
	152.8	154.4

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

(d) Corporation tax

	2014 £m	2013 £m
Corporation tax payable	(10.3)	(6.2)
Corporation tax receivable	12.5	8.1

(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 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 1 January 2014	(33.5)	13.2	36.4	27.1	(9.8)	33.4
Acquisitions	–	–	1.7	–	(0.4)	1.3
Current year movement	0.3	(4.0)	(4.7)	8.0	5.2	4.8
Prior year movement	1.9	0.2	(2.2)	0.2	(1.2)	(1.1)
Transfers	–	0.4	(0.2)	(0.2)	0.7	0.7
Exchange movement	(3.1)	1.6	0.4	1.6	0.4	0.9
At 31 December 2014	(34.4)	11.4	31.4	36.7	(5.1)	40.0
Deferred tax liability						
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 1 January 2014	(0.2)	(0.6)	0.2	0.1	(1.1)	(1.6)
Current year movement	–	(0.7)	(0.1)	–	0.5	(0.3)
Prior year movement	–	0.1	–	–	(0.1)	–
Transfers	–	(0.4)	0.1	0.2	(0.6)	(0.7)
Exchange movement	–	0.5	0.1	–	(0.2)	0.4
At 31 December 2014	(0.2)	(1.1)	0.3	0.3	(1.5)	(2.2)

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 £249.8m (2013: £150.8m). The only tax that would arise on these reserves would be non-creditable withholding tax.

9. Earnings per ordinary share (basic and diluted)

	2014	2013
Profit attributable to equity shareholders of the parent (£m)	69.9	66.9
Weighted average number of shares outstanding during the year	944,081,638	943,775,413
Average market price of one share during the year	195.94p	169.56p
Weighted average number of shares under option during the year	26,613,538	21,184,505
Exercise price for shares under option during the year	82.73p	78.67p

	Profit		Earnings per share	
	2014 £m	2013 £m	2014 pence	2013 pence
Basic and diluted profit for the year attributable to shareholders and basic earnings per share	69.9	66.9	7.4	7.1
Diluted earnings per share			7.2	7.0
Weighted average number of shares for basic EPS (number)			944,081,638	943,775,413
Weighted average number of shares under option during the year			26,613,538	21,184,505
Weighted average number of shares that would have been issued at average market price			(4,038,193)	(5,639,033)
Weighted average number of awards under the CIP and LTIP			6,157,990	3,014,273
Weighted average number of shares for diluted EPS (number)			972,814,973	962,335,158

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

	2014	2013
Dividends per ordinary share proposed	2.75p	2.5p
Interim dividends per ordinary share declared and paid during the year	1.25p	1.1p

Dividends of £35.4m were paid during the year (2013: £31.1m). The Company has proposed to shareholders that a final dividend of 2.75p per share will be paid (2013: 2.5p). Subject to shareholder approval, it is expected that the dividend will be paid on 29 May 2015.

11. Goodwill

	£m
Cost	
At 1 January 2013	317.0
Recognised on acquisition of subsidiaries	131.6
Exchange differences	(9.9)
At 1 January 2014	438.7
Recognised on acquisition of subsidiaries	61.8
Transferred to assets held for sale (note 17)	(10.3)
Exchange differences	7.0
At 31 December 2014	497.2
Net book value	
At 1 January 2014	438.7
At 31 December 2014	497.2

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:

	2014 £m	2013 £m
Carrying amount of goodwill included within the Americas business segment	214.9	203.0
Carrying amount of goodwill included within the EMEA business segment	72.3	43.7
Carrying amount of goodwill included within the Asia Pacific business segment	29.7	23.0
Carrying amount of goodwill included within the UK business segment	180.3	169.0
	497.2	438.7

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 75.1% of the total. The remaining 24.9% of the carrying value is allocated to a further 36 countries (36 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	2014 £m	2013 £m
USA	193.3	–	193.3	182.4
UK	180.3	11.2	191.5	180.2
Other cash-generating units	123.6	–	123.6	87.3
	497.2	11.2	508.4	449.9

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 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 believes 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% (2013: 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 pre-tax WACC decreased marginally from 13.6% in 2013 to 12.4% in 2014 (post-tax WACC: 10.0%). The CGU specific pre-tax WACC reflecting the respective market risk adjustment has been set between 11.3% and 17.2% (2013: 12.3% to 18.6%).

The amount by which the value in use exceeds the carrying amount of the CGUs 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 22%, with an average centre contribution of 22% over the next five years. Revenue and costs grow at 3% per annum from 2014 maintaining a terminal 2019 centre gross margin of 22%. 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 15% (2013: 17%).

The UK model forecasts a 2015 centre contribution of 24%, with an average centre contribution of 24% over the next five years. Revenue and costs grow at 3% per annum from 2014 maintaining a terminal 2019 centre gross margin of 24%. 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 13% (2013: 14%).

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 23% (2013: 22%) for the US CGU and 35% (2013: 22%) for the UK CGU.

12. Other intangible assets

	Brand £m	Customer lists £m	Software £m	Total £m
Cost				
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 1 January 2014	51.6	24.2	40.7	116.5
Additions at cost	–	–	11.0	11.0
Acquisition of subsidiaries	–	0.3	–	0.3
Transferred to assets held for sale (note 17)	–	–	–	–
Disposals	–	–	–	–
Exchange rate movements	2.5	0.4	(0.5)	2.4
At 31 December 2014	54.1	24.9	51.2	130.2
Amortisation				
At 1 January 2013	17.3	20.6	16.7	54.6
Charge for the year	2.1	1.7	5.9	9.7
Disposals	–	–	–	–
Exchange rate movements	(0.4)	(0.4)	–	(0.8)
At 1 January 2014	19.0	21.9	22.6	63.5
Charge for year	2.0	1.5	9.5	13.0
Transferred to assets held for sale (note 17)	–	–	–	–
Disposals	–	–	–	–
Exchange rate movements	1.3	(0.2)	(0.1)	1.0
At 31 December 2014	22.3	23.2	32.0	77.5
Net book value				
At 1 January 2013	34.8	2.8	9.3	46.9
At 31 December 2013	32.6	2.3	18.1	53.0
At 31 December 2014	31.8	1.7	19.2	52.7

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 10 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 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 1 January 2014	8.1	1,127.0	59.7	1,194.8
Additions	2.0	188.4	15.0	205.4
Acquisition of subsidiaries	47.3	10.7	0.1	58.1
Transferred to assets held for sale (note 17)	(49.3)	(0.4)	–	(49.7)
Disposals	(5.5)	(2.5)	(0.4)	(8.4)
Exchange rate movements	–	11.7	1.4	13.1
At 31 December 2014	2.6	1,334.9	75.8	1,413.3
Accumulated depreciation				
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)
At 1 January 2014	0.9	545.1	40.1	586.1
Charge for the year	0.7	97.0	9.8	107.5
Transferred to assets held for sale (note 17)	(0.4)	–	–	(0.4)
Disposals	(0.6)	(1.4)	–	(2.0)
Exchange rate movements	(0.4)	2.8	0.9	3.3
Balance at 31 December 2014	0.2	643.5	50.8	694.5
Net book value				
At 1 January 2013	7.5	416.2	13.8	437.5
At 31 December 2013	7.2	581.9	19.6	608.7
At 31 December 2014	2.4	691.4	25.0	718.8

Additions include £nil in respect of assets acquired under finance leases (2013: £nil).

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

	2014 £m	2013 £m
Cost	24.1	20.1
Accumulated depreciation	(22.4)	(17.0)
Net book value	1.7	3.1

14. Other long-term receivables

	2014 £m	2013 £m
Deposits held by landlords against rent obligations	42.9	30.1
Amounts owed by joint ventures	3.7	3.1
Prepayments and accrued income	2.7	4.3
	49.3	37.5

15. Trade and other receivables

	2014 £m	2013 £m
Trade receivables	160.9	140.7
Amounts owed by joint ventures	2.8	2.9
Other receivables	78.1	43.1
Deposits held by landlords against rent obligations	14.9	22.8
Prepayments and accrued income	141.0	130.7
VAT recoverable	42.4	36.7
	440.1	376.9

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

	2014 £m	2013 £m
Trade payables	61.9	74.1
VAT payable	46.6	37.1
Other tax and social security	8.7	9.2
Customer deposits	290.4	239.5
Deferred partner contributions	35.2	25.9
Amounts owed to joint ventures	1.4	0.7
Rent accruals	80.1	74.1
Other accruals	116.6	90.7
Other payables	29.3	19.5
Total current	670.2	570.8

	2014 £m	2013 £m
Deferred partner contributions	154.7	116.9
Rent accruals	135.1	101.2
Other payables	3.1	2.5
Total non-current	292.9	220.6

17. Assets and liabilities held for sale

The Group has undertaken a project to dispose of the assets and liabilities or specific non-core operations to release the related capital originally invested in these operations. These assets and liabilities were classified as held for sale, their net realisable value is estimated to be greater than their book value. The sale of these assets and liabilities completed during February 2015 for a consideration of approximately £84.0m and an exceptional profit of approximately £20.0m after expenses.

The major classes of assets and liabilities classified by the Group as held for sale as at 31 December 2014 are as follows:

	2014 £m
Assets	
Goodwill (note 11)	10.3
Property, plant and equipment (note 13)	49.3
Trade and other receivables	3.0
Assets held for sale	62.6

Liabilities	
Trade and other payables	(2.1)
Liabilities held for sale	(2.1)
Net assets held for sale	60.5

There is no cumulative income or expense included in other comprehensive income relating to the net assets held for sale.

18. Borrowings

The Group's total loan and borrowing position at 31 December 2014 and at 31 December 2013 had the following maturity profiles:

Bank and other loans

	2014 £m	2013 £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	2.2	1.6
In more than two years but not more than five years	207.1	139.0
In more than five years	–	–
Total non-current	209.3	140.6
Total current	1.4	1.2
Total bank and other loans	210.7	141.8

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

	2014 £m	2013 £m
Amounts payable		
Within one year or on demand	–	–
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	0.1
Less: finance charges allocated to future periods	–	–
Present value of future minimum lease payments	–	–
Total current	–	–
Total non-current	0.1	0.1
	0.1	0.1

19. Provisions

	2014			2013		
	Onerous leases and closures £m	Other £m	Total £m	Onerous leases and closures £m	Other £m	Total £m
At 1 January	4.4	1.3	5.7	5.3	0.8	6.1
Acquired in the period	1.2	–	1.2	3.6	–	3.6
Provided in the period	0.7	2.1	2.8	0.7	0.5	1.2
Utilised in the period	(0.5)	(0.5)	(1.0)	(0.8)	–	(0.8)
Provisions released	(1.8)	–	(1.8)	(4.4)	–	(4.4)
Exchange differences	–	–	–	–	–	–
At 31 December	4.0	2.9	6.9	4.4	1.3	5.7
Analysed between:						
Current	0.9	1.7	2.6	0.2	0.6	0.8
Non-current	3.1	1.2	4.3	4.2	0.7	4.9
At 31 December	4.0	2.9	6.9	4.4	1.3	5.7

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 2018.

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.

20. Investments in joint ventures

	Investments in joint ventures £m	Provision for deficit in joint ventures £m	Total £m
At 1 January 2013	1.7	(1.2)	0.5
Additions/(disposals)	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 1 January 2014	1.3	(1.2)	0.1
Additions/(disposals)	(0.6)	–	(0.6)
Dividends paid	(1.0)	–	(1.0)
Share of profit	0.8	–	0.8
Other	–	0.5	0.5
Exchange rate movements	0.2	–	0.2
At 31 December 2014	0.7	(0.7)	–

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

	2014 £m	2013 £m
Income statement		
Revenue	26.8	26.3
Expenses	(23.4)	(24.9)
Profit before tax for the year	3.4	1.4
Tax charge	(0.6)	(0.3)
Profit after tax for the year	2.8	1.1
Net assets/(liabilities)		
Fixed assets	6.5	6.5
Current assets	14.6	17.1
Current liabilities	(15.9)	(19.6)
Non-current liabilities	(9.6)	(7.3)
Net assets	(4.4)	(3.3)

21. Share capital

Ordinary equity share capital

	2014		2013	
	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 2014, 12,883,455 (2013: 5,257,380) shares were held as treasury shares. During the year ended 31 December 2014, Regus plc repurchased 9,484,516 (2013: nil) of its own shares in the open market and utilised 1,858,441 (2013: 3,724,759) 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.

22. Analysis of financial assets

	At 1 Jan 2014 £m	Cash flow £m	Non-cash changes £m	Exchange movements £m	At 31 Dec 2014 £m
Cash and cash equivalents	84.7	(7.0)	–	(4.9)	72.8
Gross cash	84.7	(7.0)	–	(4.9)	72.8
Debt due within one year	(1.2)	(0.2)	–	–	(1.4)
Debt due after one year	(140.6)	(76.5)	–	7.8	(209.3)
Finance leases due within one year	–	–	–	–	–
Finance leases due after one year	(0.1)	–	–	–	(0.1)
	(141.9)	(76.7)	–	7.8	(210.8)
Net financial assets/(liabilities)	(57.2)	(83.7)	–	2.9	(138.0)

Cash and cash equivalent balances held by the Group that are not available for use amounted to £17.4m at 31 December 2014 (2013: £21.4m). Of this balance, £13.5m (2013: £19.0m) is pledged as security against outstanding bank guarantees and a further £3.9m (2013: £2.4m) is pledged against various other commitments of the Group.

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

23. 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 25 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 16 to 19 within the Strategic Report reviews the trading performance, financial position and cash flows of the Group. During the year ended 31 December 2014 the Group made a significant investment in growth and the Group's net debt position increased by £80.8m to a net debt position of £138.0m as at 31 December 2014. The investment in growth is funded by a combination of cash flow generated from the Group's mature business centres and debt. The Group has a £320m revolving credit facility provided by a group of relationship banks with a final maturity in 2017. As at 31 December 2014 £256.6m was available and undrawn.

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, requirement for customer deposits, and payments in advance on workstation contracts 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.

	2014 £m	2013 £m
Americas	28.0	26.7
EMEA	57.9	49.5
Asia Pacific	28.7	23.3
UK	46.3	41.2
	160.9	140.7

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

The ageing of trade receivables at 31 December was:

	Gross 2014 £m	Provision 2014 £m	Gross 2013 £m	Provision 2013 £m
Not overdue	125.3	–	103.9	–
Past due 0 – 30 days	25.1	–	25.3	–
Past due 31 – 60 days	7.5	–	7.4	–
More than 60 days	11.3	(8.3)	11.1	(7.0)
	169.2	(8.3)	147.7	(7.0)

At the year end 31 December 2014, the Group maintained a provision of £8.3m against potential bad debts (2013: £7.0m) arising from trade receivables. The Group had provided £4.5m (2013: £1.1m) in the year and utilised £2.5m (2013: £0.5m). Customer deposits of £290.4m (2013: £239.5m) 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 £55.2m (2013: £63.3m). In addition to cash and liquid investments, the Group had £256.6m available and undrawn under its committed borrowings. The Directors consider the Group has adequate liquidity to meet day-to-day requirements.

In May 2014 the Group issued debt securities for a total amount of EUR 210.0m (£163.6m) using the German “Schuldschein” framework for debt issuance. These securities consisted of EUR 165.0m of three year notes and EUR 45.0m of five year notes, and were sold to a number of banks and institutional investors.

The Group maintains a £320m revolving credit facility with a final maturity date in September 2017. As at 31 December £256.6m was available and undrawn under this facility.

Although the Group has net current liabilities of £303.9m (2013: £289.1m), 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 £290.4m (2013: £239.5m) 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 £98.6m at 31 December 2014 (2013: £109.3m).

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. The surplus cash balances are invested short term, and at the end of 2014 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:

	2014			
£m	GBP	JPY	EUR	USD
Trade and other receivables	0.1	–	5.7	11.4
Loans	–	–	(7.0)	–
Trade and other payables	(0.9)	(2.2)	(26.9)	(12.9)
Net statement of financial position exposure	(0.8)	(2.2)	(28.2)	(1.5)

	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 2014 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 £0.9m (2013: decrease of £0.2m) 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 £3.1m for the year ended 31 December 2014 (2013: £3.3m). 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 2014 (2013: decrease of £0.1m).

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 £11.7m for the year ended 31 December 2014 (2013: £12.6m). 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 £6.4m for the year ended 31 December 2014 (2013: £0.4m).

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 29 to 33 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 38 to 45 of the Annual Report and Accounts. In addition, the Group operates various share option plans for key management and other senior employees.

In the year ended 31 December 2014 Regus plc purchased nil (2013: 1,464,685) of its own shares in the open market to satisfy employee share awards. Regus plc also purchased 9,484,516 (2013: nil) of its own shares in the open market to hold as treasury shares. 1,858,441 (2013: 3,724,759) treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 3 March 2015, 12,883,455 shares were held as treasury shares.

The Company declared an interim dividend of 1.25p per share (2013: 1.1p) during the year ended 31 December 2014 and proposed a final dividend of 2.75p per share (2013: 2.5p per share), a 10% increase on the 2013 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 net debt position of £138.0m (2013: £57.2m) at the end of 2014 and £256.6m (2013: £167.9m) of committed undrawn borrowings.

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 2014

	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	0.3%	72.8	72.8	72.8	–	–	–
Trade and other receivables	–	345.9	354.1	307.3	21.5	25.3	–
Financial assets[b]		418.7	426.9	380.1	21.5	25.3	–
Non-derivative financial liabilities[a]:							
Finance lease liabilities	0.7%	(0.1)	(0.1)	(0.1)	–	–	–
Bank loans & corporate borrowings	3.7%	(209.3)	(209.3)	–	(2.2)	(207.1)	–
Other loans	14.6%	(1.4)	(1.4)	(1.4)	–		
Customer deposits	–	(290.4)	(290.4)	(290.4)	–	–	–
Trade and other payables	–	(271.5)	(271.5)	(268.8)	(2.7)	–	–
Derivative financial liabilities:							
Cross currency interest rate swaps							
– Outflow	–	(7.0)	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Interest rate swaps							
– Outflow	–	(0.7)	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Financial liabilities		(780.4)	(772.7)	(560.7)	(4.9)	(207.1)	–

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

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

As at 31 December 2013

	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	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 & corporate borrowings	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:							
Cross currency interest rate swaps							
– Outflow	–	–	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Interest rate swaps							
– Outflow	–	(0.1)	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Financial liabilities		(618.6)	(618.8)	(475.5)	(4.2)	(139.1)	–

(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 2014	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	72.8	–	–	72.8	–	–	–	–
Trade and other receivables	345.9	–	–	345.9	–	–	–	–
Finance lease liabilities	–	(0.1)	–	(0.1)	–	–	–	–
Bank loans & corporate borrowings	–	(209.3)	–	(209.3)	–	–	–	–
Other loans	–	(1.4)	–	(1.4)	–	–	–	–
Customer deposits	–	(290.4)	–	(290.4)	–	–	–	–
Trade and other payables	–	(271.5)	–	(271.5)	–	–	–	–
Derivative financial liabilities	–	–	(7.7)	(7.7)	–	(7.7)	–	(7.7)
	418.7	(772.7)	(7.7)	(361.7)	–	(7.7)	–	(7.7)
Unrecognised gain								–

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	–	–	–	–
Trade and other receivables	279.0	–	–	279.0	–	–	–	–
Finance lease liabilities	–	(0.1)	–	(0.1)	–	–	–	–
Bank loans & corporate borrowings	–	(140.6)	–	(140.6)	–	–	–	–
Other loans	–	(1.2)	–	(1.2)	–	–	–	–
Customer deposits	–	(239.5)	–	(239.5)	–	–	–	–
Trade and other payables	–	(237.1)	–	(237.1)	–	–	–	–
Derivative financial liabilities	–	–	(0.1)	(0.1)	–	(0.1)	–	(0.1)
	363.7	(618.5)	(0.1)	(254.9)	–	(0.1)	–	(0.1)
Unrecognised gain								–

During the years ended 31 December 2014 and 31 December 2013, there were no transfers between levels for fair value measured instruments, 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 a combination of broker quotes, forward pricing and swap models.

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 2014:

	2014 EUR m	2013 EUR m
Derivatives used for cash flow hedging	210.0	–

Committed borrowings

	2014 Facility £m	2014 Available £m	2013 Facility £m	2013 Available £m
"Schuldschein" loan note	163.6	–	–	–
Revolving credit facility	320.0	256.6	320	167.9
Guarantee and letter of credit facility	95.0	15.5	95.0	17.5
Total	578.6	272.1	415.0	185.4

In May 2014 the Group issued debt securities for a total amount of EUR 210.0m (£163.6m) using the German "Schuldschein" framework for debt issuance. These securities consisted of EUR 165.0m of three year notes and EUR 45.0m of five year notes, and were sold to a number of banks and institutional investors. These securities are subject to covenants which are similar to our banking facilities. The Group is in compliance with these covenant requirements.

The underlying interest obligation on these debt securities is floating rate and in Euro, however, as part of the Group's balance sheet management and to protect against a future increase in interest rates, EUR 165.0 million was swapped into a fixed rate GBP liability and EUR 45.0 million was swapped into a fixed rate Euro liability. While providing the Group with protection against higher interest rates, given the current positive yield curve, the immediate impact of this hedging is a modest increase in financing expense.

The Group maintains a £320m revolving credit facility and a £95m bank guarantee and letter of credit facility both with a final maturity in September 2017. 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.

24. Share-based payment

There are two 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

	2014		2013	
	Number of share options	Weighted average exercise price per share	Number of share options	Weighted average exercise price per share
At 1 January	26,841,120	125.20	27,211,499	89.53
Granted during the year	1,845,500	187.20	10,514,000	176.94
Lapsed during the year	(4,407,566)	155.91	(7,856,529)	96.86
Exercised during the year	(1,058,359)	98.81	(3,027,850)	57.81
Outstanding at 31 December	23,220,695	121.05	26,841,120	125.20
Exercisable at 31 December	2,118,056	103.62	775,333	86.29

Date of grant	Numbers granted	Weighted average exercise price per share	Lapsed	Exercised	At 31 Dec 2014	Exercisable from	Expiry date
23/07/2004	4,106,981	57.00	–	(4,106,981)	–	23/07/2007	23/07/2014
23/03/2010	3,986,000	100.50	(3,476,001)	(154,866)	355,133	23/03/2013	23/03/2020
28/06/2010	617,961	75.00	(546,198)	(15,340)	56,423	28/06/2013	28/06/2020
01/09/2010	160,646	69.10	(146,728)	(8,126)	5,792	01/09/2013	01/09/2020
01/04/2011	2,400,000	114.90	(954,402)	(160,622)	1,284,976	01/04/2014	01/04/2021
30/06/2011	9,867,539	109.50	(4,874,777)	(577,116)	4,415,646	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
13/06/2012	11,189,000	84.95	(3,508,058)	–	7,680,942	13/06/2015	13/06/2022
12/06/2013	7,741,000	155.60	(2,866,750)	–	4,874,250	12/06/2016	12/06/2023
18/11/2013 (Grant 1)	1,053,000	191.90	(338,000)	–	715,000	18/11/2016	17/11/2023
18/11/2013 (Grant 2)	600,000	191.90	–	–	600,000	18/11/2016	17/11/2023
18/12/2013 (Grant 1)	200,000	195.00	–	–	200,000	18/12/2016	17/12/2023
18/12/2013 (Grant 2)	1,000,000	195.00	–	–	1,000,000	18/12/2016	17/12/2023
20/05/2014	1,845,500	187.20	(1,020,300)	–	825,200	20/05/2017	19/05/2024
Total	46,067,627	112.76	(17,823,881)	(5,023,051)	23,220,695		

311,828 options awarded during the year under the Regus Share Option Plan (France) are included in the above table (2013: 280,000), 162,250 lapsed during the year (2013: 479,620) and 5,044 were exercised during the year (2013: 3,325).

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.

March, June and September 2010 share option plan

The Group and regional performance targets for the options awarded in March, June and September 2011, based on a combination of EPS and 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 for the year ending 2010, were partially met. 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 share option plan

The performance targets for the options awarded in April 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
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 2011 share option plan
The options awarded in August 2011 are conditional on the ongoing employment of the related employee 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
August 2014	1/3
August 2015	1/3
August 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. Those 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.

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

June 2013 share option plan
The Group performance targets based on Group operating profit for the options awarded in June 2013 were partially met. 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 partly 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. Those options not subject to the performance targets are eligible to be exercised in three equal tranches from the third anniversary of the grant date.

December 2013 (Grant 1) share option plan
The options awarded in December 2013 (Grant 1) are conditional on the ongoing employment of the related employee 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.

May 2014 share option plan

The options awarded in May 2014 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
May 2017	1/3
May 2018	1/3
May 2019	1/3

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:

	May 2014	December 2013 (Grant 2)	December 2013 (Grant 1)	November 2013 (Grant 2)	November 2013 (Grant 1)	June 2013	June 2012	September 2011
Share price on grant date	191.00p	195.00p	195.00p	191.90p	191.90p	158.00p	88.55p	72.50p
Exercise price	187.20p	195.00p	195.00p	191.90p	191.90p	155.60p	84.95p	74.35p
Expected volatility	27.30%–41.91%	32.91%	32.91%	32.69%	32.69%	40.31%–48.98%	47.87%–52.74%	52.59%–46.08%
Number of simulations	–	–	–	–	–	30,000	30,000	30,000
Number of companies	–	–	–	–	–	–	–	–
Option life	3–5 years	5–8 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	2.00%	1.46%	1.46%	1.46%	1.46%	2.03%	3.27%	3.66%
Fair value of option at time of grant	30.80p–59.63p	52.41p – 65.95p	40.56p–52.41p	45.73p	39.63p–51.24p	39.21p–58.39p	29.88p–31.12p	22.89p–22.71p
Risk free interest rate	0.99%–1.47%	1.57%–2.30p	0.85%–1.57%	1.22%	0.85%–1.57%	0.67%–1.20%	0.65%–1.11%	1.16%–1.75%

	August 2011	June 2011		April 2011		September 2010		June 2010
			EPS	TSR	EPS	TSR	EPS	TSR
Share price on grant date	75.90p	110.70p	70.60p	70.60p	73.20p	73.20p	94.00p	94.00p
Exercise price	67.00p	109.50p	69.10p	69.10p	75.00p	75.00p	100.50p	100.50p
Expected volatility	52.61%–46.13%	51.55%–44.99%	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
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	3.49%	2.35%	3.40%	3.40%	3.28%	3.28%	2.55%	2.55%
Fair value of option at time of grant	27.32p–27.01p	39.41p–40.96p	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	1.29%–1.91%	1.81%–2.57%	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

	2014	2013
	Number of awards	Number of awards
At 1 January	9,377,249	14,742,932
CIP awards granted during the year	809,610	1,521,470
LTIP awards granted during the year	–	–
Lapsed during the year	(3,056,082)	(4,725,549)
Exercised during the year	(1,370,488)	(2,161,604)
Outstanding at 31 December	5,760,289	9,377,249
Exercisable at 31 December	24,424	–

The weighted average share price at the date of exercise for share awards and options exercised during the year ended 31 December 2014 was 221.64p (2013: 170.22p).

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2014	Release date
LTIP	03/11/2005	3,723,235	(1,092,818)	(2,605,993)	24,424	03/11/2008
LTIP	23/03/2010	2,900,472	(2,304,207)	(596,265)	–	23/03/2013
		6,623,707	(3,397,025)	(3,202,258)	24,424	

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2014	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	(3,735,446)	(948,026)	1,239,444	See below(1)
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	(5,424,213)	(1,401,385)	1,788,686	See below(1)
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	See below(2)
CIP: Investment shares	05/03/2014	161,922	–	–	161,922	05/03/2017
CIP: Investment shares	05/03/2014	647,688	–	–	647,688	See below(3)
		20,638,405	(9,419,450)	(5,859,745)	5,359,210	

(1) 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.

(2) The release dates for the three tranches of the March 2013 CIP matching shares are 6 March 2016, 6 March 2017 and 6 March 2018 respectively.

(3) The release dates for the three tranches of the March 2014 CIP matching shares are 5 March 2017, 5 March 2018 and 5 March 2019 respectively.

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:

	05/03/2014	06/03/2013	23/03/2010	23/03/2009	18/03/2008
	CIP	CIP	LTIP(a)	CIP(b)	CIP(b)
Share price on grant date	253.30p	143.50p	108.10p	65.50p	80.50p
Exercise price	Nil	Nil	Nil	Nil	Nil
Number of simulations	250,000	250,000	250,000	200,000	200,000
Number of companies	32	32	32	32	36
Award life	3 years	3 years	3 years	3 years	3 years
Expected dividend	1.66%	2.23%	2.22%	2.72%	1.19%
Fair value of award at time of grant	83.11p–214.33	83.11p–134.21p	47.00p	47.97p	61.21p
Risk free interest rate	0.99%–1.47%	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 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 may be considered 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 relevant periods 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 matching 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 vested in March 2013, the second vested 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 the three, four or five year performance period.

2013 CIP Investment and matching grants
The total number of matching awards made in 2013 to each participant was divided into three separate equal amounts and is 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:

% of awards eligible for vesting	EPS targets for the financial years ending 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 the three, four or five year performance period.

2014 CIP Investment and matching grants
The total number of matching awards made in 2014 to each participant was divided into three separate equal amounts and is 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 2017, the second will vest in March 2018 and the third will vest in March 2019. These vesting dates relate to the financial years ending 31 December 2016, 31 December 2017 and 31 December 2018 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:

% of awards eligible for vesting	EPS targets for the financial years ending 2016	2017	2018
25%	14.3p	16.1p	17.1p
50%	15.2p	17.4p	18.9p
75%	16.1p	18.8p	20.7p
100%	17.0p	20.2p	22.5p

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%
Median	25%
Upper quartile or above	100%

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

25. Retirement benefit obligations

The Group accounts for the Swiss pension plans as defined benefit plans under IAS 19 Revised – Employee Benefits.

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

£m	31.12.2014	31.12.2013
Fair value of plan assets	3.2	3.1
Present value of obligations	(3.4)	(3.3)
Net funded obligations	(0.2)	(0.2)

26. Acquisitions

During the year ended 31 December 2014 the Group made a number of immaterial acquisitions for a total consideration of £104.2m.

£m	Book value	Provisional Fair value adjustments	Provisional Fair value
Net assets acquired			
Intangible assets	0.1	1.1	1.2
Property, plant and equipment	61.2	(2.3)	58.9
Cash	9.8	–	9.8
Other current and non-current assets	9.4	–	9.4
Current liabilities	(21.5)	–	(21.5)
Non-current liabilities	(7.1)	(1.5)	(8.6)

	51.9	(2.7)	49.2
Goodwill arising on acquisition			55.0
Total consideration			104.2
Less: Fair value adjustment of historical investment in acquired joint venture			(2.7)
Less: Deferred consideration			(1.7)
			99.8
Cash flow on acquisition			
Cash paid			99.8
Net cash outflow			99.8

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. £13.3m of the above goodwill is expected to be deductible for tax purposes.

If the above acquisitions had occurred on 1 January 2014, the revenue and net retained profit arising from these acquisitions would have been £18.7m and £2.4m respectively. In the year the equity acquisitions contributed revenue of £16.0m and net retained loss of £1.2m.

There was £1.7 contingent consideration arising on the above acquisitions.

The acquisition costs associated with these transactions were £1.3m, recorded within administration expenses within the consolidated income statement.

The Group continued to complete acquisition transactions subsequent to 31 December 2014, 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 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	Provisional Fair value adjustments	Provisional Fair value	Final Fair value adjustments	Final Fair value
Net assets acquired					
Intangible assets	–	0.9	0.9	(0.9)	–
Property, plant and equipment	34.9	(9.4)	25.5	–	25.5
Cash	6.8	–	6.8	–	6.8
Other current and non-current assets	25.9	(7.6)	18.3	–	18.3
Current liabilities	(53.0)	(17.9)	(70.9)	(1.2)	(72.1)
Non-current liabilities	(23.1)	11.5	(11.6)	–	(11.6)
	(8.5)	(22.5)	(31.0)	(2.1)	(33.1)
Non-controlling interests (24.78%) recognised in the acquired net assets and liabilities of MWB Business Exchange Plc[(a)]			7.7		7.7
Goodwill arising on acquisition			72.7		74.8
Total consideration			49.4		49.4
Cash flow on acquisition					
Cash paid			49.4		49.4
Net cash outflow			49.4		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 immaterial acquisitions, aggregated:

£m	Book value	Provisional Fair value adjustments	Provisional Fair value	Final Fair value adjustments	Final Fair value
Net assets acquired					
Intangible assets[a]	–	0.3	0.3	–	0.3
Property, plant and equipment	11.3	(1.8)	9.5	(0.9)	8.6
Cash	6.4	–	6.4	(0.6)	5.8
Other current and non-current assets	9.3	(2.1)	7.2	(0.2)	7.0
Current liabilities	(15.8)	2.2	(13.6)	(1.3)	(14.9)
Non-current liabilities	(10.7)	3.3	(7.4)	(1.3)	(8.7)
	0.5	1.9	2.4	(4.3)	(1.9)
Goodwill arising on acquisition[b]			55.3		60.0
Total consideration			57.7		58.1
Less: Deferred consideration			0.9		0.9
			56.8		57.2
Cash flow on acquisition					
Cash paid			56.8		57.2
Net cash outflow			56.8		57.2

(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.

27. Capital commitments

	2014 £m	2013 £m
Contracts placed for future capital expenditure not provided for in the financial statements	26.3	14.4

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 2014 (2013: £nil).

28. Non-cancellable operating lease commitments

At 31 December 2014 the Group was committed to making the following payments in respect of operating leases:

	2014			2013		
	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	594.1	6.9	601.0	516.3	5.1	521.4
Between two and five years	1,659.9	12.5	1,672.4	1,482.1	10.6	1492.7
After five years	684.0	2.9	686.9	544.2	0.6	544.8
	2,938.0	22.3	2,960.3	2,542.6	16.3	2,558.9

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.

29. 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 £115.2m (2013: £109.9m). There are no material lawsuits pending against the Group.

30. Related parties

Parent and subsidiary entities

The consolidated financial statements include the results of the Group and the subsidiaries listed in note 31.

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
2014			
Joint ventures	2.2	3.5	4.6
2013			
Joint ventures	2.2	5.2	5.2

As at 31 December 2014, none of the amounts due to the Group has been provided for (2013: £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:

	2014 £m	2013 £m
Short-term employee benefits	9.7	6.7
Retirement benefit obligations	0.4	0.4
Share-based payments	2.2	0.9
	12.3	8.0

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 £2.7m (2013: £2.5m). 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 2014 the Group acquired goods and services from a company indirectly controlled by a Director of the Company amounting to £44,039 (2013: £32,298). There was a £2,723 balance outstanding at the year-end (2013: 10,862).

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.

31. Principal Group companies

The Group's principal subsidiary undertakings at 31 December 2014, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – Trading companies		
Regus do Brasil Ltda	Brazil	100
Regus Paris SAS	France	100
Regus GmbH & Co. KG	Germany	100
Excellent Business Centres GmbH	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 LLC	Russia	100
Regus Management Singapore Pte Ltd	Singapore	100
Regus Management Group (Pty) Ltd	South Africa	100
Regus Management España SL	Spain	100
Regus Business Centre SA	Switzerland	100
ABC Business Centres Limited	United Kingdom	100
Acorn Offices Limited	United Kingdom	100
MWB Business Exchange Centres Ltd	United Kingdom	100
Stonemartin Corporate Centre Limited	United Kingdom	100
HQ Global Workplaces LLC	United States	100
Regus Equity Business Centres LLC	United States	100
RGN National Business Centre LLC	United States	100
Office Suites Plus Properties LLC	United States	100
Regus Business Centres LLC	United States	100
Principal activity – Management companies		
Regus Business Centres SAS	France	100
RBW Global Sarl	Luxembourg	100
Pathway Finance Sarl	Luxembourg	100
Pathway IP Sarl	Luxembourg	100
Regus Middle East Sarl	Luxembourg	100
Regus Service Centre Philippines BV	Philippines	100
Regus Global Management Centre SA	Switzerland	100
Regus Group Services Ltd	United Kingdom	100
Regus Management (UK) Ltd	United Kingdom	100
Regus Management Group LLC	United States	100
Regus International Services SA	Uruguay	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – Holding companies		
RGN Limited Partner Holdings Corp	Canada	100
Regus Holdings SAS	France	100
Regus GmbH & Co. KG	Germany	100
Regus Business Services (HK) Limited	Hong Kong	100
Umbrella Holdings Sarl	Luxembourg	100
Regus Group Limited	United Kingdom	100
Marley Acquisitions Limited	United Kingdom	100
Business Exchange Holdings Limited	United Kingdom	100
Regus Estates UK Limited	United Kingdom	100
Regus Centres UK Limited	United Kingdom	100
Regus Corporation LLC	United States	100
Regus H Holdings LLC	United States	100

32. 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.

Parent company accounts

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

	As at 31 Dec 2014 (Luxembourg GAAP) £m	As at 31 Dec 2013 (Luxembourg GAAP) £m
Assets		
C. Fixed assets		
III. Financial assets		
1. Shares in affiliated undertakings	683.4	719.3
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	0.9	1.3
a) becoming due and payable within one year		
III. Transferable securities		
2. Own shares	19.9	4.1
(12,883,455 shares of £0.01 per share (2013: 5,257,380 shares))		
IV. Cash at bank and in hand	–	–
E. Prepayments	0.6	0.1
Total assets	704.8	724.8
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	19.9	4.1
4. Other reserves	500.1	515.9
V. Results brought forward	105.0	146.8
VI. Results for the financial year	(9.5)	(7.7)
VII. Interim dividends	(11.8)	(10.4)
	667.8	712.8
C. Provisions		
2. Provisions for taxation	0.1	0.1
3. Other provisions	–	–
D. Non-subordinated debts		
4. Trade creditors	0.5	0.5
a) becoming due and payable within one year		
6. Amounts owed to affiliated undertakings		
a) becoming due and payable within one year	0.4	0.4
b) becoming dividend payable after more than one year	36.0	11.0
	37.0	11.9
Total liabilities	704.8	724.8

Approved by the Board on 3 March 2015

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 2014 which are available from the Company's registered office, 26 Boulevard Royal, Luxembourg and which will be filed with both the Luxembourg Register 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 2014	EMEA 2014	Asia Pacific 2014	United Kingdom 2014	Other 2014	Total 2014
Mature[1]						
Workstations[4]	101,524	42,293	44,058	35,247	–	223,122
Occupancy (%)	82.0%	80.6%	82.6%	83.1%	–	82.0%
Revenue (£m)	579.8	290.9	214.7	219.5	0.6	1,305.5
Contribution (£m)	166.6	77.8	65.5	51.2	1.1	362.2
REVPOW	6,966	8,538	5,900	7,493	–	7,134
2013 Expansions[2]						
Workstations[4]	24,905	12,041	8,515	16,288	–	61,749
Occupancy (%)	67.1%	66.8%	59.6%	84.5%	–	70.6%
Revenue (£m)	85.4	56.6	18.6	130.5	–	291.1
Contribution (£m)	(8.5)	5.8	0.4	31.7	–	29.4
2014 Expansions[2]						
Workstations[4]	4,845	6,510	6,156	7,977	–	25,488
Occupancy (%)	42.7%	49.0%	35.0%	75.5%	–	52.7%
Revenue (£m)	11.6	20.1	8.3	32.8	–	72.8
Contribution (£m)[6]	(8.0)	(3.9)	(5.3)	10.7	–	(6.5)
Closures						
Workstations[4]	391	430	182	525	–	1,528
Occupancy (%)	65.1%	65.0%	52.9%	62.6%	–	62.8%
Revenue (£m)	1.1	1.9	0.4	3.3	–	6.7
Contribution (£m)	(0.8)	(0.7)	–	0.4	–	(1.1)
Total						
Workstations[4]	131,665	61,274	58,911	60,037	–	311,887
Occupancy (%)	77.7%	74.4%	74.2%	82.3%	–	77.3%
Revenue (£m)	677.9	369.5	242.0	386.1	0.6	1,676.1
Contribution (£m)	149.3	79.0	60.6	94.0	1.1	384.0
Unallocated contribution (£m)	–	–	–	–	–	(0.9)
REVPAW (£)	5,149	6,030	4,108	6,431	–	5,374
Period end workstations[5]						
Mature	101,478	42,829	44,341	35,812	–	224,460
2013 Expansions	24,960	12,395	8,631	16,094	–	62,080
2014 Expansions	12,384	15,763	16,607	11,433	–	56,187
Total	138,822	70,987	69,579	63,339	–	342,727

Segmental analysis – management basis (unaudited)

	Americas 2013	EMEA 2013	Asia Pacific 2013	United Kingdom 2013	Other 2013	Total 2013
Mature[1]						
Workstations[4]	101,858	41,929	43,391	35,736	–	222,914
Occupancy (%)	83.2%	80.9%	77.9%	82.6%	–	81.6%
Revenue (£m)	603.9	310.7	219.8	212.6	1.7	1,348.7
Contribution (£m)	171.8	81.3	60.6	49.8	1.6	365.1
REVPOW	7,126	9,160	6,503	7,202	–	7,415
2013 Expansions[2]						
Workstations[4]	10,961	3,548	3,492	13,637	–	31,638
Occupancy (%)	54.6%	52.8%	31.2%	81.2%	–	63.3%
Revenue (£m)	28.4	16.3	4.4	107.7	–	156.8
Contribution (£m)	(14.5)	(1.5)	(3.3)	25.7	–	6.4
Closures						
Workstations[4]	2,165	1,496	305	1,257	–	5,223
Occupancy (%)	73.1%	76.0%	63.2%	85.1%	–	76.2%
Revenue (£m)	7.4	10.9	0.9	8.8	–	28.0
Contribution (£m)	–	0.8	0.3	4.2	–	5.3
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

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 2013 comparative data is defined as a centre closed during the period from 1 January 2013 to 31 December 2014.

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

(5) Workstations available at period end.

Post-tax cash return on net investment

The purpose of this page is to reconcile some of the key numbers used in the returns calculation back to the Group's audited statutory accounts, and thereby, give the reader greater insight into the returns calculation drivers. The methodology and rationale for the calculation are discussed in the Chief Financial Officer's review on page 16 of the Annual Report and Accounts.

Description	Reference	2011 Aggregation	2012 Expansions	2013 Expansions	2014 Expansions	2015 Expansions	Closed	Total
Revenue	Income statement, p50	1,151.4	154.1	291.1	72.8	0.0	6.7	1,676.1
Centre Contribution	Income statement, p50	334.5	26.8	29.4	(5.7)	(0.8)	(1.1)	383.1
(Profit)/loss on disposal of assets	EBIT Reconciliation (analysed below)	(1.8)	0.0	(0.1)	0.0	0.0	1.0	(0.9)
Underlying centre contribution		332.7	26.8	29.3	(5.7)	(0.8)	(0.1)	382.2
Selling, general and administration expenses(1)	Income statement, p50	(166.9)	(29.0)	(57.8)	(24.9)	(0.2)	(0.8)	(279.6)
EBIT	EBIT Reconciliation (analysed below)	165.8	(2.2)	(28.5)	(30.6)	(1.0)	(0.9)	102.6
Depreciation and amortisation	Note 5, p62	64.8	15.9	30.7	7.8	0.0	1.4	120.5
Amortisation of partner contributions	Note 5, p62	(16.0)	(2.5)	(6.2)	(1.7)	0.0	(0.2)	(26.6)
Amortisation of acquired lease fair value adjustments	Note 5, p62	(3.2)	0.0	(1.7)	(0.3)	0.0	0.0	(5.2)
Non-cash items		45.5	13.3	22.8	5.8	0.0	1.2	88.7
Taxation (2)		(33.2)	0.4	5.7	6.1	0.2	0.2	(20.5)
Adjusted net cash profit		178.1	11.6	0.0	(18.7)	(0.8)	0.5	170.8
Maintenance capital expenditure	Capital Expenditure (analysed below)	45.4	8.5	0.0	0.0	0.0	0.0	53.8
Partner contributions	Partner Contributions (analysed below)	(14.6)	(3.1)	0.0	0.0	0.0	0.0	(17.7)
Net maintenance capital expenditure		30.7	5.4	0.0	0.0	0.0	0.0	36.1
Post-tax cash return		147.4	6.2	0.0	(18.7)	(0.8)	0.5	134.7
Growth capital expenditure (3)	Capital Expenditure (analysed below)	800.7	170.1	313.0	240.7	4.3	0.0	1,528.8
Partner contributions (4)	Partner Contributions (analysed below)	(95.2)	(23.3)	(63.0)	(44.6)	0.0	0.0	(226.1)
Net investment		705.5	146.8	250.0	196.1	4.3	0.0	1,302.7
Post-tax cash return on net investment		20.9%	4.2%	0.0%	(9.5%)	–	–	10.3%

(1) Including research and development expenses
(2) Based on EBIT at the Group's long term effective tax rate of 20%
(3) The 2013 expansions includes £8.6m of capital expenditure arising in 2014
(4) The 2013 expansions includes £2.6m of partner contributions arising in 2014
(5) 2015 expansions relate to costs and investments incurred in 2014 for centres which will open in 2015

2014

EBIT Reconciliation	Annual Report Reference	£m
EBIT		102.6
Profit on disposal of assets	Note 5, p62	0.9
Share of profit on joint ventures	Income statement, p50	0.8
Operating profit	Income statement, p50	104.3

2014

Partner Contributions	Annual Report Reference	£m
Opening partner contributions		142.8
• Current	Note 16, p70	25.9
• Non-current	Note 16, p70	116.9
Acquired in the period		1.5
Received in the period		64.9
• 2012 expansions and before		17.7
• 2013 expansions(4)		2.6
• 2014 expansions		44.6
Utilised in the period	Note 5, p62	(26.6)
Exchange differences		7.3
Closing partner contributions		189.9
• Current	Note 16, p70	35.2
• Non-current	Note 16, p70	154.7

2014

Capital Expenditure	Annual Report Reference	£m
Maintenance capital expenditure	CFO review, p18	53.8
Growth capital expenditure	CFO review, p18	
• 2013 expansions(3)		8.6
• 2014 expansions		240.7
• 2015 expansions		4.3
Total capital expenditure		307.4
Analysed as		
• Purchase of subsidiary undertakings	Cash flow, p54	91.0
• Purchase of property, plant and equipment	Cash flow, p54 Note 13, p69	205.4
• Purchase of intangible assets	Cash flow, p54 Note 12, p68	11.0

Five year summary

	Full year ended 31 Dec 2014 £m	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
Revenue	1,676.1	1533.5	1,244.1	1,162.6	1,040.4
Cost of sales before non-recurring costs	(1,293.0)	(1,159.7)	(923.4)	(883.5)	(823.1)
Non-recurring cost of sales	–	–	–	–	(11.9)
Cost of sales	(1,293.0)	(1,159.7)	(923.4)	(883.5)	(835.0)
Gross profit (centre contribution)	383.1	373.8	320.7	279.1	205.4
Administration expenses before non-recurring expenses	(270.9)	(275.9)	(225.7)	(221.6)	(190.7)
Research & development	(8.7)	(7.2)	(4.5)	(3.1)	(2.6)
Non-recurring administration expenses	–	–	–	–	(3.9)
Administration expenses	(279.6)	(283.1)	(230.2)	(224.7)	(197.2)
Operating profit	103.5	90.7	90.5	54.4	8.2
Share of post-tax profit/(loss) of joint ventures	0.8	0.1	(0.3)	0.1	1.3
Profit before financing costs	104.3	90.8	90.2	54.5	9.5
Finance expense	(17.3)	(10.5)	(5.9)	(6.4)	(2.1)
Finance income	0.1	1.2	0.8	1.3	1.8
Profit before tax for the year	87.1	81.5	85.1	49.4	9.2
Tax (charge)/credit	(17.2)	(14.6)	(14.2)	(9.0)	(5.9)
Profit after tax for the year	69.9	66.9	70.9	40.4	3.3
Attributable to:					
Equity shareholders of the parent	69.9	66.9	70.9	41.7	2.9
Minority interests	–	–	–	(1.3)	0.4
	69.9	66.9	70.9	40.4	3.3
Earnings per ordinary share (EPS):					
Basic (p)	7.4p	7.1p	7.5p	4.3p	0.3p
Diluted (p)	7.2p	7.0p	7.5p	4.3p	0.3p
Weighted average number of shares outstanding (‘000’s)	944,082	943,775	941,922	941,899	947,463
Balance sheet data (as at 31 December)					
Intangible assets	549.9	491.7	363.9	331.3	330.8
Property, plant and equipment	718.8	608.7	437.5	333.5	279.5
Deferred tax assets	40.0	33.4	33.9	32.2	36.6
Trade and other receivables	565.2	423.8	333.9	319.2	299.9
Cash, cash equivalents and liquid investments	72.8	84.7	132.3	197.5	204.6
Total assets	1,946.7	1,642.3	1,301.5	1,213.7	1,151.4
Current liabilities	(891.9)	(758.8)	612.5	578.4	541.8
Non-current liabilities	(513.1)	(364.4)	157.0	126.4	105.8
Provisions	(4.3)	(4.9)	4.6	8.2	9.8
Equity minority interests	–	–	–	–	0.1
Equity shareholders’ funds	(537.4)	(514.2)	527.4	500.7	493.9
Total liabilities and shareholders’ funds	(1,946.7)	(1,642.3)	1,301.5	1,213.7	1,151.4

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

3 March 2015