1 March 2016

REGUS PLC – ANNUAL FINANCIAL REPORT ANNOUNCEMENT – YEAR ENDED 31 DECEMBER 2015

Another year of substantial development:
Strong results, good cash generation, significant growth and attractive returns

Regus, the global workspace provider, today announces its annual results for the year ended 31 December 2015.

Key highlights:

- Improved post-tax cash returns on pre-12 investment to 23.1%(i)
- Revenues up 15.9% to £1,927.0m and underlying operating profit up 37% to £144.8m(ii)
- 22% increase in the network. 554 new locations in 2015, with a net capital investment of £284.9m
- Generated £215.7 or 23.1p per share of cash in 2015 (before net growth capital expenditure, share buybacks, dividends and disposal proceeds)
- Underlying earnings per share up 51% to 11.2p
- Conservative balance sheet maintained with net debt of £190.6m (0.66x underlying net debt:EBITDA)
- 13% increase in dividend to 4.5p (2014 : 4.0p)
- Current trading in line with management expectations

£m	2015	2014	% change actual currency	% change constant currency
Revenues	**1,927.0**	1,676.1	15.0%	15.9%
Gross profit	**428.4**	383.1	12%	12%
Overheads	**(283.9)**	(279.6)	(2)%	(2)%
Underlying operating profit (Inc. JV)	**144.8**	104.3	39%	37%
Non-recurring items (iii)	**15.3**	–		
Reported operating profit (Inc. JV)	**160.1**	104.3	54%	51%
Underlying profit before tax	**130.4**	87.1	50%	46%
Reported profit before tax	**145.7**	87.1	67%	63%
Underlying earnings per share (p)	**11.2**	7.4	51%	45%
Reported earnings per share (p)	**12.8**	7.4	74%	66%
Dividend per share (p)	**4.5**	4.0	13%	
EBITDA (Before non-recurring item)	**290.0**	224.8	29%	28%
Post-tax cash return on Investment (i)	**23.1%**	20.9%	Up 2.2% pts	
Cash flow before net growth capex and dividends	**215.7**	175.6	23%	
Net debt	**190.6**	138.0		
Net debt : EBITDA (x) (underlying)	**0.66**	0.61		

(i) Calculated as: EBITDA less amortisation of partner contributions, less tax based on EBIT, less net maintenance capital expenditure / growth capital less partner contribution. Returns based on those locations open on or before 31 December 2011.

(ii) At constant currency

(iii) See note 6 to the accounts

Operational highlights

- Returns on new investment benefiting from operational scale and efficiency
- Overheads as a percentage of revenues declined 2ppt to 14.7%
- Further network expansion. Now in 2,768 locations, across 977 towns and cities and 106 countries
- Continued investment in innovating new products and services and developing new location formats
- New field structure introduced for 2016
- Key focus on risk management

Mark Dixon, Chief Executive of Regus, said:
"We remain confident in our business model and the long-term structural drivers of our industry. We will continue to invest to increase our levels of customer service, make our business relevant to a wider market, drive greater operational efficiency and deliver long-term shareholder value. We will continue to adhere to our strict financial criteria in executing our growth plans and remain suitably vigilant given the current global macroeconomic uncertainty, with flexibility in both our expansion plans and our cost base. Current trading is in line with management's expectations and we remain confident in our prospects for 2016."

Details of results presentation

Mark Dixon, Chief Executive Officer, and Dominik de Daniel, Chief Financial Officer and Chief Operating 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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Chairman's statement

During the period, Group revenues grew to £1,927.0m (2014: £1,676.1m), representing an increase of 15.9% at constant currency (up 15.0% at actual rates). Notwithstanding the significant growth in the network, underlying operating profit advanced 37% at constant currency to £144.8m (2014: £104.3m), up 39% at actual rates. Including the non-recurring gain of £15.3m, our reported statutory operating profit was £160.1m, an increase of 51% at constant currency.

This strong performance has been delivered whilst adding 554 new locations to our network and continuing to drive operating efficiency, with overheads as a percentage of revenue reducing by a further two percentage points. Our strong cash generation and disciplined approach to investment in growth have also enabled the Group to maintain a robust and conservative capital structure.

Rigorous risk management

We continue to take a rigorous approach to risk management across every aspect of our business. A good illustration of this is the process we go through to ensure that our new locations deliver the challenging financial returns that we seek. Every single locality goes through a detailed process before approval, comparing its anticipated performance against what is being achieved in comparable locations, the competitive environment and considering the maximum cash outlay and downside risk just as much as upside potential and returns.

Our investment in growth is kept under constant review and can be curtailed within a short period if market conditions dictate. Over time, we are taking an increasingly capital-light approach to investment, in which we will increasingly become the facilitator between the property investor and the end customer, with the aim of further improving margins and reducing risk.

Board update

We welcomed Dominik de Daniel, our new CFO and COO, to our international management team and Board in November 2015 and look forward to his input as we continue to deliver on our growth ambitions. He is a proven and capable leader who brings very relevant experience to Regus' finance and operations teams.

In May 2015 we welcomed François Pauly to the Board as a new Independent Non-Executive Director. François' extensive executive and board experience along with his international business knowledge is already contributing to the continued strategic development of Regus.

I would like to thank our former CFO, Dominique Yates, for his contribution to Regus. He leaves us with our balance sheet and financial returns looking strong after a period of significant expansion. I would also like to thank Alex Sulkowski, who retired from the Board in May 2015, for his contribution to the Board and Group.

An external evaluation of the performance of the Board was carried out during the year by an independent leadership consultancy. The results of the review have been incorporated into our efforts to continuously improve the processes and effectiveness of the Board.

Our people

Every year, our success is attributable to the energy, commitment and skills of our people in all the markets where we operate and at every level of the organisation. Once again, I would like to thank them on behalf of the Board for their outstanding contribution, delivering another strong set of results for the benefit of our customers, our business and our investors.

Dividend

We remain committed to a sustainable and progressive dividend policy. I am therefore pleased to announce that the Board is recommending a 13% increase in the final dividend to 3.1p per share, reflecting the continued strong performance of the business. Subject to the approval of shareholders at the 2015 AGM, this will be paid on 27 May 2016 to shareholders on the register at the close of business on 29 April 2016. The full year dividend is 4.5p (2014: 4.0p), an increase of 13%.

Douglas Sutherland
Chairman

1 March 2016

Chief Executive Officer's review

2015 has been another successful year for Regus. We have continued to see powerful structural growth drivers in our market. More and more organisations and individuals are reassessing their approach to physical workspace and how they work. These positive dynamics have seen our business deliver strong underlying progress; strategically, operationally, and financially. We have added more locations to our market-leading network than ever before, generated attractive returns on our investments and significantly increased our profit through further operational efficiency.

Strong financial performance

The post-tax cash return on net growth capital expenditure achieved from locations opened on or before 31 December 2011 was 23.1%, an improvement on the returns for the same estate in 2014 of 20.9% and a level well above our cost of capital. The 2015 post-tax cash return on investment from locations opened on or before 31 December 2012 was 21.5% (2014: 18.0%).

Group revenue increased by 15.9% at constant currency to £1,927.0m (2014: £1676.1m) (15.0% at actual rates). Underlying operating profit, before the net non-recurring gain of £15.3m, increased to £144.8m, up 37% at constant currency (39% at actual rates). Including the non-recurring gain, our statutory operating profit increased 51% at constant currency to £160.1m (up 54% at actual rates).

We invested £284.9m in net growth capital expenditure during the year, adding a further 554 new openings to the network, which stood at 2,768 locations at the end of the year.

We generated an increased gross margin of 28.3% on all our locations that were open on or before 31 December 2012 and also improved the gross margin on those locations that were added to the network during 2013 and 2014, both of which were material years of growth and consequently represent an increasingly significant element of our overall revenue. The initial performance of the locations added to the network during 2015 is in line with our expectations, albeit these are still at an early stage of progression towards financial maturity.

Through detailed planning and strengthening our controls and processes, we have delivered improved operational effectiveness of our business, with a further reduction in overheads as a percentage of revenues. Total Group overheads were up only 2% at constant currency compared to a 22% increase in the size of our network. As a result, total overheads as a percentage of revenues further reduced from 16.7% to 14.7%.

Cash conversion remains a strong feature of our business model. Cash generated before investment in growth, dividends and share repurchases, and excluding the £80m net proceeds arising from the disposal of various portfolios of property assets in the first quarter, increased 23% to £215.7m (2014: £175.6m). After taking the net growth capital expenditure of £284.9m and disposal proceeds into account, and after paying dividends of £38.8m and spending approximately £32.0m buying our own shares, Group net debt increased from £138.0m at 31 December 2014 to £190.6m at 31 December 2015. This represents an underlying Group net debt : EBITDA leverage ratio of 0.66 times, which is well below our internal 1.5 times limit and reflects our continued prudent approach to the Group's capital structure.

On a regional basis, mature* revenues and contribution can be analysed as follows:

	Revenue		Contribution		Mature gross margin (%)	
£m	**2015**	2014	**2015**	2014	**2015**	2014
Americas	**712.1**	660.1	**189.0**	157.3	**26.5%**	23.8%
EMEA	**321.2**	341.0	**89.6**	83.2	**27.9%**	24.4%
Asia Pacific	**239.1**	230.6	**68.7**	64.9	**28.7%**	28.1%
UK	**352.9**	340.2	**86.8**	81.0	**24.6%**	23.8%
Other	**2.9**	0.6	**1.0**	0.2		
Total	**1,628.2**	1,572.5	**435.1**	386.6	**26.7%**	24.6%

* Centres open on or before 31 December 2013.

Group income statement

£m	**2015**	2014	% Change (actual currency)	% Change (constant currency)
Revenue	**1,927.0**	1,676.1	15.0%	15.9%
Gross profit (centre contribution)	**428.4**	383.1	12%	12%
Overheads (inc. R&D)	**(283.9)**	(279.6)	2%	2%
Underlying operating profit*	**144.8**	104.3	39%	37%
Non-recurring items	**15.3**	–	–	–
Operating profit	**160.1**	104.3	54%	51%
Underlying profit before tax	**130.4**	87.1	50%	46%
Profit before tax	**145.7**	87.1	67%	63%
Underlying taxation	**(25.9)**	(17.2)		
Taxation	**(25.8)**	(17.2)		
Underlying profit for the period	**104.5**	69.9	50%	43%
Profit for the period	**119.9**	69.9	72%	64%
Underlying EBITDA	**290.0**	224.8	29%	28%
EBITDA	**305.3**	224.8	36%	34%

* After contribution from joint ventures

Gross margin

	Revenue £m		Gross margin %	
	2015	2014	**2015**	2014
Mature 12	**1,301.3**	1,289.0	**28.3%**	27.8%
New 13	**326.9**	283.5	**20.6%**	9.8%
New 14	**169.2**	62.0	**4.2%**	(9.4)%
Pre-15	**1,797.4**	1,634.5	**24.6%**	23.3%
New 15[1]	**118.7**	–	**(11.4)%**	–
Group (including closures)	**1,927.0**	1,676.1	**22.2%**	22.9%

1 New 15 includes any cost incurred in 2015 for centres which will open in 2016.

Americas

Our Americas business achieved a good performance and is a key growth region in absolute terms. In total we had 1,140 locations in the region at the end of December 2015. On a like-for-like basis mature revenues increased 3.9% at constant currency to £712.1m (up 7.9% at actual rates) with an average mature occupancy of 83.0% (2014: 79.1%). During the year we added 180 locations to the Americas network, expanding the business into more parts of the region. This expansion increased the average number of available workstations from 131,665 to 149,414, with a total of 165,464 at the period end.

In the Americas, the USA is our predominant market. It has performed well and we have made good progress expanding into secondary and tertiary markets on variable lease deals and increasing the range of price points by expanding the number of formats being offered. Mexico has remained a good market and after recent economic issues we have seen an improvement in our business in Brazil.

EMEA

The reported revenues of our EMEA business have been impacted by the appreciation of sterling against the euro. Mature revenues on a constant currency basis increased 5.5% to £321.2m but were down 5.8% at actual rates. Occupancy on the Mature business increased from 77.6% to 79.4%. During 2015 we added 183 new locations, taking the total number of locations to 736, and added Iraq to the network. The average number of workstations increased from 61,274 to 77,901. At period end we had 82,491 workstations.

We have experienced strong growth in the incredibly diverse region of the Middle East and Africa. In Europe, across the many countries in which we operate, there has been a mixture of performance, but the overall result has been good. We have experienced an improved performance in Spain, whereas Russia has been a difficult market requiring the renegotiation of rental agreements. These challenging conditions also provided opportunities and we have seen an increase in partnership deals.

Asia Pacific

Our Asia Pacific business continues to move forward and has been our fastest growth region overall, with 146 new locations being added including our first centre in Brunei. In total we had 545 locations in the region. Mature revenues increased 3.9% to £239.1m at constant currency (up 3.7% at actual rates) with an average mature occupancy of 85.4% (2014: 78.9%) driven by growth in lower relative REVPOW markets. The average number of workstations increased from 58,911 to 78,571. At the end of the period we had 91,887 workstations, making it our second largest region.

There remains ample opportunity for growth in Asia Pacific both from building out in existing countries and adding new ones, like Brunei. We have continued to expand our business in China, which has not experienced any impact from the recent economic slowdown. We remain watchful however, and look to drive growth in secondary and tertiary areas using capital-light deals.

UK

Our UK business has delivered a good performance. Mature revenues advanced 3.7% to £352.9m with mature occupancy at 81.1% (2014: 83.7%). With growth in the UK in recent years driven primarily through acquisitions, which started to feed into the Mature business in 2015, this is a good revenue improvement. The number of occupied workstations has remained very stable, but during 2015 expansions increased the available inventory in the Mature business by 3%, which largely accounts for the occupancy reduction. During 2015, 45 new locations were added in the UK taking the total number of locations to 347. We are now seeing more growth in regional locations in the UK to complement our presence in the major cities. Total average workstations increased from 60,037 to 65,721 with 70,956 at the year-end.

We also opened our first co-working Spaces location in Oxford Street. After only six months this has proved a popular format and location and has achieved strong occupancy and good margins.

Market context

2015 was a very significant year in the development of Regus. The change we have seen over the past two years has been remarkable, as an increasing number of businesses – from large corporations to entrepreneurial start-ups – have come to recognise the power of flexible workspace in helping them maximise the positive impact of new technologies and transform performance.

Increasing awareness of our industry, coupled with shortening company and project lifecycles, is leading customers to distribute their workforces and service their customers in new ways that drive efficiency and reduced costs.

Our investment case

We are the number one player in a fast-growing global market. Our strategy addresses the clear structural growth drivers in the market. We have detailed, stress-tested plans for extending our leadership across the world, outperforming our competitors in our speed of expansion, increasing operational efficiency and the relevance and quality of our service offering.

As part of our investment case we are constantly striving to improve our business and future potential returns. Whilst this is an ongoing process, we have recently implemented two important changes.

We have changed the field structure to introduce a clustering approach to the local management of locations. This has improved the cost structure of the business going forward and will lead to higher productivity. With the in-field selling resource now focused on a specific number of locations, we believe this will better promote the active marketing of the whole range of what is offered by the entire cluster, including format and price point. So, as well as improving operational leverage, this structural change also has the potential to deliver incremental revenues.

The other important change we have implemented is to improve the compensation basis for location managers. Under the previous system bonuses consisted primarily of sales commissions. This has now been replaced by a quarterly profit share bonus scheme that better aligns rewards within the business with the interests of our shareholders. We have, however, retained the requirement to improve customer service, as measured by a Net Promoter Score, and reward export sales to locations outside of the manager's cluster.

Today, our return on investment is highly attractive, our cash flow is strong, and we have a proven, successful growth story that has seen us significantly develop our network over the past two years while continuing to deliver consistently strong returns. 2015 saw us hit many key milestones, as we added a record 554 locations across the world to bring the total space under our management to over 46 million square feet, entered Brunei, our 106th national market, celebrated 20 years in China and 10 in India, opened our 500th centre in Asia Pacific and our 1,000th centre in North America (United States and Canada).

We continued to differentiate our proposition, with the launch of services and benefits including the new Spaces (targeting creative workers) and Signature workspace formats, the continued growth of Regus Express in more airports, railway stations and shopping malls around the world, access to 18 million Wi-Fi hotspots and 800 airside lounges and our new community app. Importantly, we strengthened our business with the appointment of senior executives to bring additional energy, experience and intellect to our leadership teams.

Strategic direction

Despite our existing market leadership we have scope for significant growth. Our future is therefore about realising that potential, both in larger markets like China, India and the US, where we see the potential for a combined total of over 9,500 locations (up from over 1,000 today), and in our most developed networks, such as the UK where we have 347 locations and see significant scope for further expansion.

In doing so, we want to ensure that we can provide a solution for customers with every potential budget. We are focused on capturing the growth opportunity we have and realising the potential of the business, thereby generating significant value for shareholders as we move towards a potential 20,000 locations. Effective planning, strong partnerships and product innovation will be the key factors in attaining this goal.

Planning

Business planning is critical as we go forwards. The simpler our business is to operate, ensuring that our people can get it right 100 per cent of the time, the more efficiently we can roll it out. As we enter the next stage of growth, we have developed a more sophisticated approach to planning, while keeping it simple, effective and fully aligned with our business goals.

Today, planning at Regus revolves entirely around defining and meeting customer needs through factors such as format, service portfolio and price point. Our approach is therefore structured, transparent, focused on the detail and planned at every level. As a result, we understand what we want to achieve, the risks involved and how to mitigate those risks.

Partnerships

Adding 554 locations during 2015 involved opening more than two every working day throughout the year. This is why we are further industrialising our approach to growth while keeping a very firm hand on risk.

We already have a very successful growth story. By changing the mix of formats, segments, markets and models and by streamlining our methodology through careful planning and automation within a new network of shared service centres, we can grow in a far more capital-efficient way. Increasingly, by partnering more with the companies that own and fund real estate, we bring together investors in property and our fast-growing global customer base and continue to generate attractive returns on our investments.

Products and innovation

Our business is based on the understanding that physical space needs to keep up with changes in technology. For this reason, we have invested a substantial amount in R&D during the past three years, building a world-class technical infrastructure and an array of apps and services.

We will also continue to add to our line-up of formats that deliver a bespoke workspace environment to different parts of the addressable market, including the Spaces, Signature Group, OpenOffice, KORA and Express formats.

Taking this approach means that we can support any organisation's office needs, anywhere in the world. We provide a truly global and fast-growing network, with the right offer at the right price, in which it is easy to buy space for as little as a few hours or for several years. As part of this, we make best-of-breed products and services easily accessible to every member of the workforce, wherever they are and whatever their requirements.

As we move ahead, we will have partnerships and alliances in place, building on those we already have with the likes of Microsoft, Google and Polycom, to bring customers those things that they cannot get for themselves. We will help customers become more productive, faster than ever before. In addition, we will increasingly provide the means for them to extract added value from their relationship with Regus, by collaborating, promoting their products and services to one another and participating in shared communities.

2016 outlook

We remain confident in our business model and the long-term structural drivers of our industry. We will continue to invest to increase our levels of customer service, make our business relevant to a wider market, drive greater operational efficiency and deliver long-term shareholder value. We will continue to adhere to our strict financial criteria in executing our growth plans and remain suitably vigilant given the current global macroeconomic uncertainty, with flexibility in both our expansion plans and our cost base. Current trading is in line with management's expectations and we remain confident in our prospects for 2016.

Mark Dixon
Chief Executive Officer

1 March 2016

Chief Financial Officer's review

Return on investment

The focus of our strategy remains on driving returns that achieve our post-tax cash payback criteria, which typically is within four years. For the 12 months to 31 December 2015, the Group delivered a post-tax cash return of 23.1% in respect of locations opened on or before 31 December 2011 (up from 20.9% on the same estate for the 12 months to 31 December 2014). Incorporating the centres opened during 2012 (which are not yet fully financially mature), the Group delivered a post-tax cash return of 21.5% in respect of all locations opened on or before 31 December 2012 (the equivalent return for the 12 months to 31 December 2014 on the same estate was 18.0%).

This strong performance reflects the underlying progress of the business as our locations mature, as well as our continued focus on efficiency and productivity, and the economies of scale on overheads that we enjoy as the Group continues to grow.

The chart below also shows the status of our centre openings by year of opening, with pleasing progress in the development of returns for centres added in 2012 and 2013 as they continue to progress towards full maturity.

Developing the network

During 2015, we invested £284.9m of net growth capital expenditure, adding a further 554 locations to the network. These locations added approximately 7.7m sq ft, taking the Group's total space globally to over 46m sq ft as at 31 December 2015. In 2014 we invested net growth capital expenditure of £206.6m, adding 452 locations, the equivalent of 5.7m sq ft of space. We remain confident that the returns from these investments will, in due course, be in line with the returns we generate on our historic investments. This investment in developing our network continues to increase the depth and breadth of our geographic scope, thereby building further resilience into the business.

We continue to have a good pipeline of new openings. As of 22 February we had visibility on net capital expenditure so far for 2016 of approximately £100m, representing approximately 300 locations and 4m sq ft of additional space.

Every potential investment is rigorously evaluated by our internal Investment Committee and has to meet our stringent financial hurdles before being approved. This is a process to which we apply maximum focus, given how critical the original decision is to our ultimate success.

Operational developments

We are constantly striving to improve our business and future potential returns. Whilst this is an ongoing process, we have recently implemented changes to the operational field structure, introducing a cluster approach to the management and organisation of our locations. With the in-field selling resource focused on a specific number of locations, we believe this will better promote the active marketing of the whole range of what is offered by the entire cluster, including format and price point. Moreover, the unrivalled scale of our business provides us with the opportunity to automate more processes to allow our employees to have greater focus on customer service across more than one location. We believe this will generate many positives for our business, including improved cost efficiency in the field, better productivity and a sharper focus on 'selling the cluster' to unlock the full benefit of our broad offering. We have also implemented important changes to the compensation structure for our colleagues operating our locations by moving away from a largely sales commission-based bonus system to one based on financial performance. We believe this will be important and better align business behaviour with the interests of our shareholders.

Non-recurring items

As previously disclosed, during the first quarter of 2015 we completed the sale of various portfolios of property assets acquired during 2014. The disposal raised £84m of cash before expenses and resulted in a non-recurring profit of £21.3m after expenses. During the second half two non-recurring items, relating to a litigation action in California and the Competition and Markets Authority's review of the acquisition of Avanta in the UK, reduced the overall net gain by £6m to £15.3m.

While these items have had a significant impact on our 2015 results, except where specifically mentioned the following commentary and profit and loss analysis excludes the overall profit impact from these non-recurring items.

2015 Post-tax cash return(1) on net investment by year group – 12 months to 31 December 2015

Year of opening	07 & earlier	08	09	10	11	12	13	14	15
Post-tax cash return	**24.2%**	**26.8%**	**9.8%**	**20.4%**	**20.3%**	**13.3%**	**11.2%**	**(8.0)%**	**(9.3)%**
Net growth investment on locations opened in year(2) £m	**506.3**	**43.8**	**20.7**	**52.5**	**79.1**	**144.3**	**245.5**	**160.0**[3]	**247.9**

2014 Post-tax cash return on net investment by year group – 12 months to 31 December 2014

Year of opening	07 & earlier	08	09	10	11	12	13	14	15
Post-tax cash return	21.9%	18.0%	14.9%	24.3%	15.3%	4.2%	0.0%	(9.5%)	–
Net growth investment on locations opened in year(2) £m	507.8	44.1	20.5	53.4	79.7	146.8	250.0	196.1	–

(1) 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 EBIT and after deducting maintenance capital expenditure. Net growth capital investment is the growth capital after any partner contributions. We believe this provides an appropriate and conservative measure of cash return.

(2) 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.

(3) Adjusted for disposal of property portfolios acquired in 2014 for £58.5m.

Financial performance

Revenue

Group revenues increased 15.9% at constant currency to £1,927.0m (2014: £1,676.1m), an increase of 15.0% at actual rates. This strong improvement reflects good underlying like-for-like growth as well as the contribution from additional locations. Mature revenues (from 1,771 like-for-like locations added on or before 31 December 2013) grew a healthy 4.3% at constant currency to £1,628.2m (2014: £1,572.5m), up 3.5% at actual rates. Mature occupancy was 82.4% (2014: 79.6%).

Gross profit

Group gross profit improved 12% at constant currency rates to £428.4m (2014: £383.1m), up 12% at actual rates. The slight reduction in Group gross margin from 22.9% to 22.2% reflects the dilution from a relatively large number of immature locations resulting from the significant investment in growing the network over recent years (see table below). The mature gross margin improved from 24.6% to 26.7%.

Gross margin

£m	**Mature centres 2015**	**New centres 2015**	**Closed centres 2015**	**Total 2015**
Revenue	**1,628.2**	**287.9**	**10.9**	**1,927.0**
Cost of sales	**(1,193.1)**	**(294.3)**	**(11.2)**	**(1,498.6)**
Gross profit (centre contribution)	**435.1**	**(6.4)**	**(0.3)**	**428.4**
Gross margin	**26.7%**	**(2.2)%**	**(2.8)%**	**22.2%**

	Mature centres 2014	New centres 2014	Closed centres 2014	Total 2014
Revenue	1,572.5	62.0	41.6	1,676.1
Cost of sales	(1,185.9)	(67.8)	(39.3)	(1,293.0)
Gross profit (centre contribution)	386.6	(5.8)	2.3	383.1
Gross margin	24.6%	(9.4)%	5.5%	22.9%

Group income statement (before non-recurring profit)

£m	2015 Underlying	2014	% Change (actual currency)	% Change (constant currency)
Revenue	**1,927.0**	1,676.1	15.0%	15.9%
Gross profit (centre contribution)	**428.4**	383.1	12%	12%
Overheads (including R&D)	**(283.9)**	(279.6)	(2)%	(2)%
Joint ventures	**0.3**	0.8		
Operating profit	**144.8**	104.3	39%	37%
Net finance costs	**(14.4)**	(17.2)		
Profit before tax	**130.4**	87.1	50%	46%
Taxation	**(25.9)**	(17.2)		
Effective tax rate	**19.9%**	19.7%		
Profit for the period	**104.5**	69.9	50%	43%
Basic EPS (p)	**11.2**	7.4	51%	45%
Depreciation & amortisation	**145.2**	120.5		
EBITDA	**290.0**	224.8	29%	28%

Continued improved overhead efficiency

As anticipated, the Group has made further strong progress in relation to overhead efficiency, thereby building on the progress achieved in recent years. We have benefited from our investment in management, systems and processes. As a consequence, in spite of significant growth, total overheads (including R&D expenditure) grew only 2% at constant currency to £283.9m (up 2% at actual rates). As a percentage of revenues, total overheads declined from 16.7% in 2014 to 14.7% in 2015. We continue to maintain a strong focus on overhead discipline and anticipate further scale benefits.

Investment in R&D increased 18% from £8.7m in 2014 to £10.3m for 2015.

Operating profit (excluding non-recurring items)

As a result of the strong control of overheads, the incremental gross profit almost completely falls through to augment the Group operating profit, which increased 37% at constant currency to £144.8m (2014: £104.3m) (up 39% at actual rates). Consequently, the underlying Group operating margin increased from 6.2% in 2014 to 7.5% in 2015.

Net finance costs

Notwithstanding the increase in net debt from an opening position of £138.0m to £190.6m, the Group's net finance costs decreased from £17.2m to £14.4m, reflecting strong treasury discipline and a favourable foreign exchange movement on inter-company balances compared with 2014. During 2015 the Group incurred the additional cost of the €210m Schuldschein debt security which we issued in May 2014, but this was largely offset through subsequent lower utilisation of the Revolving Credit Facility.

Within the overall net finance costs, the Group also incurred a notional, non-cash, interest charge of £1.6m (2014: £2.0m) relating to the accounting treatment of fair value adjustments on various acquisitions made in past years. In addition there were also other non-cash costs of £1.4m (2014: £1.3m) relating to the amortisation of upfront charges on the establishment of our various borrowing facilities.

Tax

The underlying effective tax rate for the year was 19.9%. The Group's reported tax rate was 17.7% (2014: 19.7%).

Earnings per share

Statutory Group earnings per share increased significantly to 12.8p (2014: 7.4p). Excluding the positive contribution from the non-recurring items, underlying Group earnings per share increased 51% to 11.2p, reflecting the strong growth in underlying Group operating profit.

The weighted average number of shares in issue for the year was 933,457,741 (2014: 944,081,638). The weighted average number of shares for diluted earnings per share was 953,678,034 (2014: 972,814,973). During the year, the Group purchased 9,543,800 shares at a cost of approximately £24.5m designated to be held in treasury to satisfy future exercises under various Group long-term incentive schemes. Over the same period, the Group reissued 1,936,642 shares from treasury to satisfy such exercises.

Cash flow and funding

The ability to generate cash is an attractive feature of our business model and Group cash generation continues to be strong. Cash generated before the investment in growth capital expenditure, dividends and share repurchases, and excluding the exceptional £80m disposal proceeds after expenses, increased 23% in 2015 to £215.7m (2014: £175.6m), reflecting the strong growth in underlying Group operating profit and very strong cash conversion.

Group net debt increased from £138.0m at 31 December 2014 to £190.6m at 31 December 2015. This increase comes after taking the growth capital expenditure and disposal proceeds into account, and after paying dividends of £38.8m and spending approximately £32.0m on a combination of buying our own shares as a further hedge against the cost of the exercise of options by our employees across our various option and LTIP plans, and cash-settling the exercise of some of those options. This represents an underlying Group net debt : EBITDA leverage ratio of 0.66 times, which is well below our internal 1.5 times limit and reflects our continued prudent approach to the Group's capital structure.

During the period, we extended and amended our key £320m Revolving Credit Facility, which is now committed until 2020 and which has further improved our debt maturity profile. Together with the Schuldschein debt security which we issued last year, the Group has adequate financial headroom to continue to execute on its strategy.

Cash flow

The table below reflects the Group's cash flow:

£m	**2015**	2014
Group EBITDA	**290.0**	224.8
Working capital	**103.5**	80.3
Less: growth-related partner contributions	**(59.8)**	(47.0)
Maintenance capital expenditure	**(74.9)**	(53.8)
Taxation	**(29.1)**	(20.9)
Finance costs	**(13.2)**	(13.5)
Other items	**(0.8)**	5.7
Cash flow before growth capital expenditure, share repurchases, dividends and non-recurring disposal proceeds	**215.7**	175.6
Gross growth capital expenditure	**(344.7)**	(253.6)
Less: growth-related partner contributions	**59.8**	47.0
Net growth capital expenditure[(5)]	**(284.9)**	(206.6)
Total net cash flow from operations	**(69.2)**	(31.0)
Non-recurring disposal proceeds	**84.0**	–
Less: costs of disposal	**(4.0)**	–
Corporate financing activities	**(32.0)**	(17.3)
Dividend	**(38.8)**	(35.4)
Opening net cash/debt	**(138.0)**	(57.2)
Exchange movements	**7.4**	2.9
Closing net debt	**(190.6)**	(138.0)

(5) Net growth capital expenditure of £284.9m relates to the cash outflow in 2015. Accordingly, it includes capital expenditure related to locations added in 2014 and 2016, as well as 2015. The total net investment in the 2015 additions amounts to £247.9m so far.

Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. During 2015 key individual currency exchange rates have moved, as shown in the table below. The movements were, however, mixed with sterling weakening against the US dollar and strengthening against the euro and Japanese yen as well as a number of other currencies. Nonetheless, overall this decreased reported revenue and gross profit by £16.4m and £1.0m respectively, however, operating profit increased by £1.9m compared to last year.

Foreign exchange rates

	At 31 December			Annual average		
Per £ sterling	2015	2014	%	2015	2014	%
US dollar	1.48	1.56	(5)%	1.53	1.64	(7)%
Euro	1.36	1.28	6%	1.38	1.25	10%
Japanese yen	179	186	(4)%	185	175	6%

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 21 to 24 and 38 and 39 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 2015. Details of related party transactions that have taken place in the period can be found in note 31 to the 2015 Annual Report and Accounts (page 97).

Dividends

Consistent with Regus' progressive dividend policy and subject to shareholder approval, we will increase the final dividend for 2015 by approximately 13% to 3.1p (2014: 2.75p). This will be paid on Friday, 27 May 2016, to shareholders on the register at the close of business on Friday 29 April 2016. This represents an increase in the full year dividend of approximately 13%, taking it from 4.0p for 2014 to 4.5p for 2015.

Dominik de Daniel
Chief Financial Officer and Chief Operating Officer

1 March 2016

Consolidated income statement

Continuing operations	Notes	Year ended 31 Dec 2015 Before non-recurring items	Non-recurring items (note 6)	Total £m	Year ended 31 Dec 2014 Before non-recurring items	Non-recurring items (note 6)	Total £m
Revenue	3	**1,927.0**	**–**	**1,927.0**	1,676.1	–	1,676.1
Cost of sales		**(1,498.6)**	**–**	**(1,498.6)**	(1,293.0)	–	(1,293.0)
Gross profit (centre contribution)		**428.4**	**–**	**428.4**	383.1	–	383.1
Selling, general and administration expenses		**(273.6)**	**15.3**	**(258.3)**	(270.9)	–	(270.9)
Research and development expenses		**(10.3)**	**–**	**(10.3)**	(8.7)	–	(8.7)
Share of profit of equity-accounted investees, net of tax		**0.3**	**–**	**0.3**	0.8	–	0.8
Operating profit	5	**144.8**	**15.3**	**160.1**	104.3	–	104.3
Finance expense	8	**(15.0)**	**–**	**(15.0)**	(17.3)	–	(17.3)
Finance income	8	**0.6**	**–**	**0.6**	0.1	–	0.1
Net finance expense		**(14.4)**	**–**	**(14.4)**	(17.2)	–	(17.2)
Profit before tax for the year		**130.4**	**15.3**	**145.7**	87.1	–	87.1
Income tax expense	9	**(25.9)**	**0.1**	**(25.8)**	(17.2)	–	(17.2)
Profit after tax for the year		**104.5**	**15.4**	**119.9**	69.9	–	69.9
Profit attributable to:							
Equity shareholders of the parent		**104.5**	**15.4**	**119.9**	69.9	–	69.9
Non-controlling interests		**–**	**–**	**–**	–	–	–
Profit after tax for the year		**104.5**	**15.4**	**119.9**	69.9	–	69.9
Earnings per ordinary share (EPS):							
Basic (p)	10	**11.2**	**–**	**12.8**	7.4	–	7.4
Diluted (p)	10	**11.0**	**–**	**12.6**	7.2	–	7.2

Consolidated statement of comprehensive income

	Notes	**Year ended 31 Dec 2015 £m**	Year ended 31 Dec 2014 £m
Profit for the year		**119.9**	69.9
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, net of income tax		**0.6**	(2.7)
Foreign currency translation differences for foreign operations		**(5.3)**	6.1
Items of other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		**(4.7)**	3.4
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit liability, net of income tax		**(0.3)**	–
Items of other comprehensive income that will never be reclassified to profit or loss in subsequent periods		**(0.3)**	–
Other comprehensive income for the period, net of income tax		**(5.0)**	3.4
Total comprehensive income for the year		**114.9**	73.3
Total comprehensive income attributable to:			
Equity shareholders of the parent		**114.9**	73.3
Non-controlling interests		**–**	–
Total comprehensive income for the year		**114.9**	73.3

Consolidated statement of changes in equity

	Attributable to equity holders of the parent[(a)]									
	Share capital £m	Treasury shares £m	Foreign currency translation reserve £m	Hedging reserve £m	Revaluatio n 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 2014	**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:										
Re-measurement of defined benefit liability, net of income tax (note 26)	–	–	–	–	–	–	–	–	–	–
Cash flow hedges – effective portion of changes in fair value, net of income tax	–	–	–	(2.7)	–	–	–	(2.7)	–	(2.7)
Foreign currency translation differences for foreign operations	–	–	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 11)	–	–	–	–	–	–	(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**
Total comprehensive income for the year:										
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**119.9**	**119.9**	**–**	**119.9**
Other comprehensive income:										
Re-measurement of defined benefit liability, net of income tax (note 26)	**–**	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
Cash flow hedges – effective portion of changes in fair value, net of income tax	**–**	**–**	**–**	**0.6**	**–**	**–**	**–**	**0.6**	**–**	**0.6**
Foreign currency translation differences for foreign operations	**–**	**–**	**(5.3)**	**–**	**–**	**–**	**–**	**(5.3)**	**–**	**(5.3)**
Total other comprehensive income, net	**–**	**–**	**(5.3)**	**0.6**	**–**	**–**	**119.6**	**114.9**	**–**	**114.9**
Total comprehensive income for the year	**–**	**–**	**(5.3)**	**0.6**	**–**	**–**	**119.6**	**114.9**	**–**	**114.9**
Transactions with owners, recorded directly in equity										
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**2.2**	**2.2**	**–**	**2.2**
Ordinary dividend paid (note 11)	**–**	**–**	**–**	**–**	**–**	**–**	**(38.8)**	**(38.8)**	**–**	**(38.8)**
Purchase of treasury shares in Regus plc	**–**	**(24.5)**	**–**	**–**	**–**	**–**	**–**	**(24.5)**	**–**	**(24.5)**
Settlement of share awards	**–**	**1.5**	**–**	**–**	**–**	**–**	**(9.0)**	**(7.5)**	**–**	**(7.5)**
Balance at 31 December 2015	**9.5**	**(42.9)**	**7.4**	**(2.1)**	**10.5**	**15.3**	**586.0**	**583.7**	**–**	**583.7**

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

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

At 31 December 2015 treasury shares represent 20,490,613 (2014: 12,883,455) 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, 9,543,800 (2014: 9,484,516) shares were purchased in the open market and 1,936,642 (2014: 1,858,441) treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 1 March 2016, 20,486,213 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 2015 £m**	As at 31 Dec 2014 £m
Non-current assets			
Goodwill	12	**612.2**	497.2
Other intangible assets	13	**53.8**	52.7
Property, plant and equipment	14	**917.0**	718.8
Deferred tax assets	9	**36.4**	40.0
Other long-term receivables	15	**63.0**	49.3
Investments in joint ventures	21	**5.6**	0.7
Total non-current assets		**1,688.0**	1,358.7
Current assets			
Trade and other receivables	16	**557.8**	440.1
Corporation tax receivable	9	**17.9**	12.5
Assets held for sale	18	**–**	62.6
Cash and cash equivalents	23	**63.9**	72.8
Total current assets		**639.6**	588.0
Total assets		**2,327.6**	1,946.7
Current liabilities			
Trade and other payables (incl. customer deposits)	17	**(816.5)**	(670.2)
Deferred income		**(240.7)**	(205.3)
Corporation tax payable	9	**(14.0)**	(10.3)
Obligations under finance leases	19	**–**	–
Bank and other loans	19	**(9.2)**	(1.4)
Provisions	20	**(5.3)**	(2.6)
Liabilities held for sale	18	**–**	(2.1)
Total current liabilities		**(1,085.7)**	(891.9)
Net current liabilities		**(446.1)**	(303.9)
Total assets less current liabilities		**1,241.9**	1,054.8
Non-current liabilities			
Other payables	17	**(383.8)**	(292.9)
Non-current derivative financial liabilities	24	**(15.0)**	(7.7)
Obligations under finance leases	19	**–**	(0.1)
Bank and other loans	19	**(245.3)**	(209.3)
Deferred tax liability	9	**(1.6)**	(2.2)
Provisions	20	**(7.6)**	(4.3)
Provision for deficit on joint ventures	21	**(4.1)**	(0.7)
Retirement benefit obligations	26	**(0.8)**	(0.2)
Total non-current liabilities		**(658.2)**	(517.4)
Total liabilities		**(1,743.9)**	(1,409.3)
Total assets less liabilities		**583.7**	537.4
Total equity			
Issued share capital	22	**9.5**	9.5
Treasury shares		**(42.9)**	(19.9)
Foreign currency translation reserve		**7.4**	12.7
Hedging reserve		**(2.1)**	(2.7)
Revaluation reserve		**10.5**	10.5
Other reserves		**15.3**	15.3
Retained earnings		**586.0**	512.0
Total shareholders' equity		**583.7**	537.4
Non-controlling interests		**–**	–
Total equity		**583.7**	537.4
Total equity and liabilities		**2,327.6**	1,946.7

Approved by the Board on 1 March 2016

Mark Dixon
Chief Executive Officer

Dominik de Daniel
Chief Financial Officer

Consolidated statement of cash flows

	Notes	**Year ended 31 Dec 2015 £m**	Year ended 31 Dec 2014 £m
Profit before tax for the year		**145.7**	87.1
Adjustments for:			
Net finance expense	8	**14.4**	17.2
Share of profit of equity-accounted investees, net of tax	21	**(0.3)**	(0.8)
Depreciation charge	5, 14	**134.2**	107.5
Gain on disposal of property, plant and equipment		**(0.3)**	(0.9)
Impairment of property, plant and equipment	14	**0.9**	–
Amortisation of intangible assets	5, 13	**11.0**	13.0
Amortisation of acquired lease fair value adjustments	5	**(4.6)**	(5.2)
Increase in provisions	20	**2.8**	1.2
Share-based payments		**2.2**	2.6
Other non-cash movements		**(3.0)**	–
Operating cash flows before movements in working capital		**303.0**	221.7
Increase in trade and other receivables		**(121.5)**	(27.7)
Increase in trade and other payables		**221.0**	108.0
Cash generated from operations (before non-recurring items)		**402.5**	302.0
Profit on disposal of assets held for sale	6	**(21.3)**	–
Cash generated from operations		**381.2**	302.0
Interest paid		**(13.8)**	(13.6)
Tax paid		**(29.1)**	(20.9)
Net cash inflow from operating activities		**338.3**	267.5
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	27	**(99.4)**	(91.0)
Proceeds on the sale of assets held for sale	6	**84.0**	–
Dividends received from joint ventures	21	**–**	1.0
Purchase of joint ventures	21	**(1.9)**	0.6
Proceeds on sale of property, plant and equipment		**9.5**	7.3
Purchase of property, plant and equipment	14	**(311.5)**	(205.4)
Purchase of intangible assets	13	**(8.7)**	(11.0)
Interest received	8	**0.6**	0.1
Net cash outflow from investing activities		**(327.4)**	(298.4)
Financing activities			
Net proceeds from issue of loans		**383.2**	438.2
Repayment of loans		**(330.5)**	(361.6)
Repayment of principal under finance leases		**(0.1)**	–
Re-issuance of treasury shares		**1.5**	1.4
Purchase of shares		**(24.5)**	(17.2)
Settlement of share awards		**(9.0)**	(1.5)
Payment of ordinary dividend	11	**(38.8)**	(35.4)
Net cash inflow from financing activities		**(18.2)**	23.9
Net decrease in cash and cash equivalents		**(7.3)**	(7.0)
Cash and cash equivalents at beginning of year		**72.8**	84.7
Effect of exchange rate fluctuations on cash held		**(1.6)**	(4.9)
Cash and cash equivalents at end of year	23	**63.9**	72.8

Notes to the accounts

1. Authorisation of financial statements

The Group and Company financial statements for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 1 March 2016 and the balance sheets were signed on the Board's behalf by Mark Dixon and Dominik de Daniel. 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 32, and information on other related party relationships of the Group is provided in note 31.

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 page 100.

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 2015 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 or after 1 January 2015:

IAS 19	Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
IAS 40	Investment Property – Amendments to IAS 40
IFRS 3	Business Combinations – Contingent consideration arrangements
IFRS 3	Business Combinations – Joint arrangements
IFRS 8	Operating Segments – Amendments to IFRS 8
IFRS 13	Fair Value Measurement – Amendments to IFRS 13
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 33.

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 24.

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 56 to 99.

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 13 to 15 as well as the Group's principal risks and uncertainties as set out on pages 21 to 24.

Further details on the going concern basis of preparation can be found in note 24 to the notes to the consolidated financial statements on page 81.

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. Except for IFRS16 Leases, their adoption is not expected to have a material effect on the consolidated financial statements:

IAS 1	Disclosure Initiative (Amendment to IAS 1)	1 January 2016
IAS 16	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	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
	Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

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

For goodwill, 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 2015. At each reporting date, the Group reviews the carrying amount of these assets to determine whether there is an indicator of impairment. If any indicator is identified then the assets' recoverable amount is re-evaluated.

The carrying amount of the Group's other non-financial assets (other than deferred tax assets) are reviewed at the balance sheet date to determine whether there is an indicator of impairment. If any such indication exists, the assets recoverable amount is estimated.

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

A CGU 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. The Group has identified individual business centres as the CGU.

We evaluate the potential impairment of property, plant and equipment at the centre (CGU) level where there are indicators of impairment.

Centres (CGUs) are grouped by country of operation for the purposes of carrying out impairment reviews of goodwill as this is the lowest level at which it can be assessed.

Individual fittings and equipment in our centres or elsewhere in the business that become obsolete or are damaged are assessed and impaired where appropriate.

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.

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	Up to 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, including partner contributions 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.

Partner contributions

Partner contributions are contributions from our business partners (property owners and landlords) towards the initial costs of opening a business centre, including the fit-out of the property and the losses that we incur early in the centre life. The partner contribution is treated as a lease incentive and is amortised over the period of the lease.

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
Leasehold improvements	10 years
Furniture	10 years
Office equipment and telephones	5 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 accounted for as deferred income 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 account 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 8).

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.

Customer deposits

Deposits received from customers against non-performance of the contract are held on the balance sheet as a current liability until they are returned to the customer at the end of their relationship with the Group.

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 24. 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	
	2015	2014	**2015**	2014
US dollar	**1.48**	1.56	**1.53**	1.64
Euro	**1.36**	1.28	**1.38**	1.25
Japanese yen	**179**	186	**185**	175

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. These geographical segments exclude the Group's non-trading, holding and corporate management companies. 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 2014. 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	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Revenues from external customers	**779.2**	677.9	**406.6**	369.5	**289.1**	242.0	**449.2**	386.1	**2.9**	0.6	**1,927.0**	1,676.1
Revenues from internal customers	**–**	0.3	**0.3**	0.5	**–**	–	**1.2**	1.2	**–**	–	**1.5**	2.0
Segment revenues	**779.2**	678.2	**406.9**	370.0	**289.1**	242.0	**450.4**	387.3	**2.9**	0.6	**1,928.5**	1,678.1
Gross profit (centre contribution)	**171.0**	149.3	**90.5**	79.0	**58.2**	60.6	**107.7**	94.0	**(0.2)**	1.1	**427.2**	384.0
Reportable segment profit	**99.7**	77.6	**40.5**	24.4	**26.0**	26.6	**84.6**	68.8	**(12.0)**	(9.0)	**238.8**	188.4
Share of profit of joint ventures	**–**	–	**1.1**	1.7	**–**	–	**(0.8)**	(0.9)	**–**	–	**0.3**	0.8
Finance expense	**(0.2)**	(1.3)	**(0.4)**	(0.2)	**(1.3)**	(0.7)	**(1.6)**	(2.1)	**–**	–	**(3.5)**	(4.3)
Finance income	**–**	–	**0.5**	0.3	**(0.1)**	(0.1)	**–**	0.1	**–**	–	**0.4**	0.3
Depreciation and amortisation	**72.2**	59.5	**21.9**	17.8	**19.0**	14.7	**25.2**	18.5	**4.9**	7.4	**143.2**	117.9
Taxation (income)/charge	**(9.2)**	1.3	**(3.6)**	(5.9)	**(3.5)**	(5.9)	**(2.6)**	2.2	**(6.9)**	(8.9)	**(25.8)**	(17.2)
Assets	**1,247.1**	1,017.4	**506.6**	347.6	**321.4**	257.0	**842.1**	579.9	**1.7**	1.7	**2,918.9**	2,203.6
Liabilities	**(1,118.0)**	(915.9)	**(611.9)**	(435.9)	**(327.8)**	(243.8)	**(811.8)**	(582.1)	**(0.2)**	(0.3)	**(2,869.7)**	(2,178.0)
Net assets/(liabilities)	**129.1**	101.5	**(105.3)**	(88.3)	**(6.4)**	13.2	**30.3**	(2.2)	**1.5**	1.4	**49.2**	25.6
Non-current asset additions	**146.9**	118.9	**48.4**	35.3	**58.9**	31.1	**46.6**	19.8	**–**	–	**300.8**	205.1

Revenue in the "All other operating segments" 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, 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:

	2015		2014	
£m	**External revenue**	**Non-current assets[(a)]**	External revenue	Non-current assets[(a)]
Country of domicile – Luxembourg	**6.2**	**2.5**	4.9	1.5
United States of America	**636.3**	**720.5**	524.9	575.6
United Kingdom	**391.1**	**282.2**	386.1	275.7
All other countries	**893.4**	**646.4**	760.2	465.9
	1,927.0	**1,651.6**	1,676.1	1,318.7

(a) Excluding deferred tax assets.

	2015							
£m	**Revenue**	**Gross profit (centre contribution)**	**Operating profit**	**Share of JV profit**	**Finance expense**	**Finance income**	**Depreciatio n and amortisatio n**	**Profit before tax**
Reportable segment results	**1,928.5**	**427.2**	**238.8**	**0.3**	**(3.5)**	**0.4**	**143.2**	**236.0**
Exclude: Internal revenue	**(1.5)**	**(1.5)**	**–**	**–**	**–**	**–**	**–**	**–**
Corporate overheads	**–**	**2.7**	**(94.3)**	**–**	**(12.5)**	**0.2**	**2.0**	**(106.6)**
Foreign exchange gains and losses	**–**	**–**	**–**	**–**	**1.0**	**–**	**–**	**1.0**
Non–recurring items	**–**	**–**	**15.3**	**–**	**–**	**–**	**–**	**15.3**
Published Group total	**1927.0**	**428.4**	**159.8**	**0.3**	**(15.0)**	**0.6**	**145.2**	**145.7**

	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)
Non–recurring items	–	–	–	–	–	–	–	–
Published Group total	1,676.1	383.1	103.5	0.8	(17.3)	0.1	120.5	87.1

	2015		
£m	**Assets**	**Liabilities**	**Net assets/ (liabilities)**
Reportable segment results	**2,918.9**	**(2,869.7)**	**49.2**
Exclude: Segmental inter-company amounts	**(726.0)**	**1,429.3**	**703.3**
Corporate overhead assets and liabilities (excluding amounts due to/from reportable segments):			
Cash	**29.8**	**–**	**29.8**
Deferred taxation	**24.3**	**–**	**24.3**
Bank and other loans	**–**	**(234.4)**	**(234.4)**
Other	**80.6**	**(69.1)**	**11.5**
Published Group total	**2,327.6**	**(1,743.9)**	**583.7**

	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 overhead 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

5. Operating profit

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

	Notes	**2015 £m**	2014 £m
Depreciation on property, plant and equipment			
Owned assets	14	**133.6**	107.0
Finance leases	14	**0.6**	0.5
Amortisation of intangibles	13	**11.0**	13.0
Provision for bad debts	24	**6.5**	4.5
Profit on disposal of property, plant and equipment		**(0.3)**	(0.9)
Impairment of property, plant and equipment		**0.9**	–
Rents payable in respect of operating leases			
Property		**657.5**	572.6
Contingent rents paid		**38.4**	26.5
Equipment		**2.9**	2.4
Amortisation of partner contributions		**(35.6)**	(26.6)
Amortisation of acquired lease fair value adjustments		**(4.6)**	(5.2)
Staff costs	7	**356.4**	334.6

	2015 £m	2014 £m
Fees payable to the Group's auditor for the audit of the Group accounts	**0.8**	0.7
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**	1.0
Other services pursuant to legislation		
Tax services	**–**	–
Other services	**–**	–

6. Non-recurring items

		2015 £m	2014 £m
Disposal of assets held for sale	18	**21.3**	–
Competition & Markets Authority investigation		**(2.8)**	–
California class action		**(3.2)**	–
		15.3	–

Disposal of assets held for sale

During 2014 the Group completed a project to dispose of the assets and liabilities of specific non-core operations to release the related capital originally invested in these operations. The sale of these assets and liabilities, which were previously classified as assets held for sale (note 18), completed during February 2015 for a consideration of £84.0 million and a non-recurring profit of £21.3 million after expenses.

The following major classes of assets and liabilities were disposed of as part of the assets held for sale:

	2015 £m
Assets	
Goodwill (note 12)	10.3
Trade and other receivables	49.6
Assets held for sale	**59.9**
Liabilities	
Trade and other payables	(1.2)
Liabilities held for sale	**(1.2)**
Net assets held for sale	**58.7**
Disposal related costs	4.0
Proceeds on disposal	84.0
Profit on disposal	**21.3**

Competition & Markets Authority investigation

The United Kingdom Competition & Markets Authority initiated an inquiry into competition in the serviced offices industry after the Group acquired Avanta Serviced Offices Group plc during 2015. This inquiry is ongoing and expected to be completed during 2016. The Group has provided for £2.8m in respect of related legal costs.

California class action

During 2015 a class action was filed against the Group alleging a breach of labour regulations in California. While the outcome of this legal action remains uncertain, the Group has provided for £3.2m in respect of any potential settlement and related legal costs.

7. Staff costs

	2015 £m	2014 £m
The aggregate payroll costs were as follows:		
Wages and salaries	**302.5**	281.9
Social security	**46.5**	45.6
Pension costs	**5.2**	4.6
Share-based payments	**2.2**	2.5
	356.4	334.6

	2015 Average full time equivalents	2014 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	**6,842**	6,159
Sales and marketing staff	**467**	601
Finance staff	**778**	742
Other staff	**1,203**	1,198
	9,290	8,700
Americas	**3,064**	3,065
EMEA	**2,107**	1,929
Asia Pacific	**1,832**	1,497
United Kingdom	**996**	1,046
Corporate functions	**1,291**	1,163
	9,290	8,700

Details of Directors' emoluments and interests are given on pages 42 to 54 in the Remuneration Report.

8. Net finance expense

	2015 £m	2014 £m
Interest payable and similar charges on bank loans and corporate borrowings	**(9.5)**	(8.4)
Interest payable and similar charges on finance leases	**–**	–
Total interest expense	**(9.5)**	(8.4)
Other finance costs (including foreign exchange)	**(3.9)**	(7.0)
Unwinding of discount rates	**(1.6)**	(1.9)
Total finance expense	**(15.0)**	(17.3)
Total interest income	**0.6**	0.1
Unwinding of discount rates	**–**	–
Total finance income	**0.6**	0.1
Net finance expense	**(14.4)**	(17.2)

9. Taxation

(a) Analysis of charge in the year

	2015 £m	2014 £m
Current taxation		
Corporate income tax	**(18.1)**	(17.6)
Previously unrecognised tax losses and temporary differences	**(3.0)**	0.9
Under provision in respect of prior years	**(3.5)**	(3.9)
Total current taxation	**(24.6)**	(20.6)
Deferred taxation		
Origination and reversal of temporary differences	**(11.3)**	(11.0)
Previously unrecognised tax losses and temporary differences	**11.2**	15.5
Under provision in respect of prior years	**(1.1)**	(1.1)
Total deferred taxation	**(1.2)**	3.4
Tax charge on profit	**(25.8)**	(17.2)

(b) Reconciliation of taxation charge

	2015		2014	
	£m	%	£m	%
Profit before tax	**145.7**		87.1	
Tax on profit at 29.22% (2014: 29.22%)	**(42.6)**	**(29.2)**	(25.5)	(29.2)
Tax effects of:				
Expenses not deductible for tax purposes	**(8.6)**	**(5.9)**	(9.5)	(10.9)
Items not chargeable for tax purposes	**40.2**	**27.6**	24.8	28.5
Non-recurring items not chargeable for tax purposes	**4.6**	**3.2**	–	–
Recognition of previously unrecognised deferred tax assets	**8.2**	**5.6**	16.4	18.8
Movements in temporary differences in the year not recognised in deferred tax	**(23.3)**	**(16.0)**	(20.2)	(23.3)
Adjustment to tax charge in respect of previous years	**(4.6)**	**(3.2)**	(5.0)	(5.7)
Differences in tax rates on overseas earnings	**0.3**	**0.2**	1.8	2.0
	(25.8)	**(17.7)**	(17.2)	(19.8)

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:

	2015 £m	2014 £m
2015	**–**	0.7
2016	**3.4**	3.2
2017	**6.3**	13.6
2018	**10.1**	12.5
2019	**18.9**	17.7
2020	**45.3**	29.1
2021	**8.8**	9.7
2022	**13.8**	14.3
2023 and later	**54.0**	31.5
	160.6	132.3
Available indefinitely	**226.6**	210.8
Tax losses available to carry forward	**387.2**	343.1
Amount of tax losses recognised in the deferred tax asset	**113.4**	107.1
Total tax losses available to carry forward	**500.6**	450.2

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

	2015 £m	2014 £m
Intangibles	**26.7**	30.4
Accelerated capital allowances	**19.4**	13.5
Tax losses	**101.2**	91.0
Rent	**9.2**	11.3
Short-term timing differences	**8.2**	6.6
	164.7	152.8

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

(d) Corporation tax

	2015 £m	2014 £m
Corporation tax payable	**(14.0)**	(10.3)
Corporation tax receivable	**17.9**	12.5

(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 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 1 January 2015	**(34.4)**	**11.4**	**31.4**	**36.7**	**(5.1)**	**40.0**
Acquisitions	**–**	**–**	**–**	**–**	**–**	**–**
Current year movement	**(2.0)**	**(9.7)**	**(3.3)**	**11.4**	**3.5**	**(0.1)**
Prior year movement	**–**	**(5.6)**	**4.0**	**(0.2)**	**–**	**(1.8)**
Transfers	**–**	**(0.4)**	**0.8**	**0.4**	**(0.2)**	**0.6**
Exchange movement	**(3.2)**	**(0.1)**	**(0.9)**	**2.2**	**(0.3)**	**(2.3)**
At 31 December 2015	**(39.6)**	**(4.4)**	**32.0**	**50.5**	**(2.1)**	**36.4**
Deferred tax liability						
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 1 January 2015	**(0.2)**	**(1.1)**	**0.3**	**0.3**	**(1.5)**	**(2.2)**
Current year movement	**–**	**(1.0)**	**1.1**	**0.2**	**(0.3)**	**–**
Prior year movement	**–**	**1.6**	**–**	**–**	**(0.9)**	**0.7**
Transfers	**–**	**0.4**	**(0.8)**	**(0.4)**	**0.2**	**(0.6)**
Exchange movement	**0.2**	**(1.4)**	**0.1**	**(0.1)**	**1.7**	**0.5**
At 31 December 2015	**–**	**(1.5)**	**0.7**	**–**	**(0.8)**	**(1.6)**

The movements 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 £189.9m (2014: £249.8m). The only tax that would arise on these reserves would be non-creditable withholding tax.

10. Earnings per ordinary share (basic and diluted)

	2015	2014
Profit attributable to equity shareholders of the parent (£m)	**119.9**	69.9
Weighted average number of shares outstanding during the year	**933,457,741**	944,081,638
Average market price of one share during the year	**270.09p**	195.94p
Weighted average number of shares under option during the year	**33,758,590**	26,613,538
Exercise price for shares under option during the year	**130.10p**	82.73p

	Profit		Earnings per share	
	2015 £m	2014 £m	**2015 pence**	2014 pence
Basic and diluted profit for the year attributable to shareholders and basic earnings per share	**119.9**	69.9	**12.8**	7.4
Diluted earnings per share			**12.6**	7.2
Weighted average number of shares for basic EPS (number)			**933,457,741**	944,081,638
Weighted average number of shares under option during the year			**33,758,590**	26,613,538
Weighted average number of shares that would have been issued at average market price			**(18,516,654)**	(4,038,193)
Weighted average number of awards under the CIP and LTIP			**4,978,357**	6,157,990
Weighted average number of shares for diluted EPS (number)			**953,678,034**	972,814,973

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.

11. Dividends

	2015	2014
Dividends per ordinary share proposed	**3.1p**	2.75p
Interim dividends per ordinary share declared and paid during the year	**1.4p**	1.25p

Dividends of £38.8m were paid during the year (2014: £35.4m). The Company has proposed to shareholders that a final dividend of 3.1p per share will be paid (2014: 2.75p). Subject to shareholder approval, it is expected that the dividend will be paid on 27 May 2016.

12. Goodwill

	£m
Cost	
At 1 January 2014	438.7
Recognised on acquisition of subsidiaries	61.8
Transferred to assets held for sale (note 18)	(10.3)
Exchange differences	7.0
At 31 December 2014	**497.2**
Recognised on acquisition of subsidiaries	**110.6**
Exchange differences	**4.4**
At 31 December 2015	**612.2**
Net book value	
At 31 December 2014	497.2
At 31 December 2015	**612.2**

Cash-generating units (CGUs), defined as individual business centres, are grouped by country of operation for the purposes of carrying out impairment reviews of goodwill as this is the lowest level at which it 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 the CGUs within that country.

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

	2015 £m	2014 £m
Carrying amount of goodwill included within the Americas business segment	**260.2**	214.9
Carrying amount of goodwill included within the EMEA business segment	**100.4**	72.3
Carrying amount of goodwill included within the Asia Pacific business segment	**29.9**	29.7
Carrying amount of goodwill included within the UK business segment	**221.7**	180.3
	612.2	497.2

The carrying value of goodwill and indefinite life intangibles allocated to two countries, the USA and the UK, is material relative to the total carrying value comprising 75.4% of the total. The remaining 24.6% of the carrying value is allocated to a further 40 countries. The goodwill and indefinite life intangibles allocated to the USA and the UK are set out below:

	Goodwill £m	Intangible assets £m	2015 £m	2014 £m
USA	240.0	–	**240.0**	193.3
UK	221.7	11.2	**232.9**	191.5
Other countries	150.5	–	**150.5**	123.6
	612.2	11.2	**623.4**	508.4

The indefinite life 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 13).

The value in use for each country has been determined using a model which derives the individual value in use for each country 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 country:

- Future cash flows are based on the budget for 2016 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 2016 that reflect an average annual growth rate of 3% (2015: 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 2019 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 countries 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 country. 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 country to reflect the assessed market risk specific to that country. The Group pre-tax WACC increased marginally from 12.4% in 2014 to 12.7% in 2015 (post-tax WACC: 10.2%). The country specific pre-tax WACC reflecting the respective market risk adjustment has been set between 12.1% and 17.3% (2014: 11.3% to 17.2%).

The amount by which the value in use exceeds the carrying amounts of goodwill 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 countries. Foreseeable events are unlikely to result in a change in the projections of such a significant nature as to result in the goodwill 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 26%, with an average centre contribution of 26% over the next five years. Revenue and costs grow at 3% per annum from 2015, maintaining a terminal 2020 centre gross margin of 26%. 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 16% (2014: 15%).

The UK model forecasts a 2015 centre contribution of 21%, with an average centre contribution of 21% over the next five years. Revenue and costs grow at 3% per annum from 2015, maintaining a terminal 2020 centre gross margin of 21%. 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% (2014: 13%).

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 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 to be less than its carrying value, the pre-tax discount rate would have to be increased to 30% (2014: 23%) for the US and 36% (2014: 35%) for the UK.

13. Other intangible assets

	Brand £m	Customer lists £m	Software £m	Total £m
Cost				
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 18)	–	–	–	–
Disposals	–	–	–	–
Exchange rate movements	2.5	0.4	(0.5)	2.4
At 31 December 2014	54.1	24.9	51.2	130.2
Additions at cost	–	–	8.7	8.7
Acquisition of subsidiaries	–	4.1	–	4.1
Disposals	–	–	–	–
Exchange rate movements	2.2	(0.2)	(1.2)	0.8
At 31 December 2015	**56.3**	**28.8**	**58.7**	**143.8**
Amortisation				
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 18)	–	–	–	–
Disposals	–	–	–	–
Exchange rate movements	1.3	(0.2)	(0.1)	1.0
At 31 December 2014	22.3	23.2	32.0	77.5
Charge for year	2.2	2.9	5.9	11.0
Disposals	–	–	–	–
Exchange rate movements	1.1	0.4	–	1.5
At 31 December 2015	**25.6**	**26.5**	**37.9**	**90.0**
Net book value				
At 1 January 2014	32.6	2.3	18.1	53.0
At 31 December 2014	31.8	1.7	19.2	52.7
At 31 December 2015	**30.7**	**2.3**	**20.8**	**53.8**

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 12).

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

14. Property, plant and equipment

	Land and buildings £m	Leasehold improvements £m	Furniture and equipment £m	Computer hardware £m	Total £m
Cost					
At 1 January 2014	8.1	744.7	382.3	59.7	1,194.8
Additions	2.0	149.7	38.7	15.0	205.4
Acquisition of subsidiaries	47.3	3.9	6.8	0.1	58.1
Transferred to assets held for sale (note 18)	(49.3)	–	(0.4)	–	(49.7)
Disposals	(5.5)	(1.8)	(0.7)	(0.4)	(8.4)
Exchange rate movements	–	7.5	4.2	1.4	13.1
At 1 January 2015	2.6	904.0	430.9	75.8	1,413.3
Additions	11.4	220.0	61.6	18.5	311.5
Acquisition of subsidiaries	–	18.1	3.3	2.0	23.4
Disposals	(2.6)	(9.6)	(2.0)	(0.2)	(14.4)
Exchange rate movements	–	3.5	3.3	(1.2)	5.6
At 31 December 2015	**11.4**	**1,136.0**	**497.1**	**94.9**	**1,739.4**
Accumulated depreciation					
At 1 January 2014	0.9	324.5	220.6	40.1	586.1
Charge for the year	0.7	64.5	32.5	9.8	107.5
Transferred to assets held for sale (note 18)	(0.4)	–	–	–	(0.4)
Disposals	(0.6)	(1.1)	(0.3)	–	(2.0)
Exchange rate movements	(0.4)	1.9	0.9	0.9	3.3
At 1 January 2015	0.2	389.8	253.7	50.8	694.5
Charge for the year	–	85.1	37.4	11.7	134.2
Impairment	–	0.9	–	–	0.9
Disposals	(0.2)	(3.9)	(1.1)	–	(5.2)
Exchange rate movements	–	(2.0)	0.6	(0.6)	(2.0)
At 31 December 2015	**–**	**469.9**	**290.6**	**61.9**	**822.4**
Net book value					
At 1 January 2014	7.2	420.2	161.7	19.6	608.7
At 31 December 2014	2.4	514.2	177.2	25.0	718.8
At 31 December 2015	**11.4**	**666.1**	**206.5**	**33.0**	**917.0**

Additions include £nil in respect of assets acquired under finance leases (2014: £nil).

The net book value of leasehold improvements, furniture and equipment includes amounts held under finance leases as follows:

	2015 £m	2014 £m
Cost	**17.9**	24.1
Accumulated depreciation	**(16.6)**	(22.4)
Net book value	**1.3**	1.7

15. Other long-term receivables

	2015 £m	2014 £m
Deposits held by landlords against rent obligations	**53.5**	42.9
Amounts owed by joint ventures	**4.0**	3.7
Prepayments and accrued income	**5.5**	2.7
	63.0	49.3

16. Trade and other receivables

	2015 £m	2014 £m
Trade receivables	**206.2**	160.9
Amounts owed by joint ventures	**4.9**	2.8
Other receivables	**102.6**	78.1
Acquired lease fair value asset	**2.5**	2.1
Deposits held by landlords against rent obligations	**15.8**	14.9
Prepayments and accrued income	**158.5**	138.9
VAT recoverable	**67.3**	42.4
	557.8	440.1

17. Trade and other payables (including customer deposits)

	2015 £m	2014 £m
Trade payables	**94.2**	61.9
VAT payable	**60.8**	46.6
Other tax and social security	**10.4**	8.7
Customer deposits	**331.6**	290.4
Deferred partner contributions	**48.3**	35.2
Amounts owed to joint ventures	**1.6**	1.4
Rent accruals	**112.2**	80.1
Acquired lease fair value liability	**3.7**	3.8
Other accruals	**133.0**	112.8
Other payables	**20.7**	29.3
Total current	**816.5**	670.2

	2015 £m	2014 £m
Deferred partner contributions	**199.5**	154.7
Rent accruals	**169.6**	121.5
Acquired lease fair value liability	**11.0**	13.6
Other payables	**3.7**	3.1
Total non-current	**383.8**	292.9

18. Assets and liabilities held for sale

In 2014, the Group undertook 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 and 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 £84.0m and a non-recurring profit of £21.3m after expenses (note 6).

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 12)	**10.3**
Property, plant and equipment (note 14)	**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.

There are no assets or liabilities classified as held for sale in 2015.

19. Borrowings

The Group's total loan and borrowing position at 31 December 2015 and at 31 December 2014 had the following maturity profiles:

Bank and other loans

	2015 £m	2014 £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	**3.1**	2.2
In more than two years but not more than five years	**208.9**	207.1
In more than five years	**33.3**	–
Total non-current	**245.3**	209.3
Total current	**9.2**	1.4
Total bank and other loans	**254.5**	210.7

Obligations under finance leases

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

	2015 £m	2014 £m
Amounts payable		
Within one year or on demand	**–**	–
In more than one year but not more than two years	**–**	0.1
In more than two years but not more than five years	**–**	–
	–	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

20. Provisions

	2015			2014		
	Onerous leases and closures £m	**Other £m**	**Total £m**	Onerous leases and closures £m	Other £m	Total £m
At 1 January	**4.0**	**2.9**	**6.9**	4.4	1.3	5.7
Acquired in the period	**3.0**	**0.1**	**3.1**	1.2	–	1.2
Provided in the period	**3.9**	**2.9**	**6.8**	0.7	2.1	2.8
Utilised in the period	**–**	**–**	**–**	(0.5)	(0.5)	(1.0)
Provisions released	**(3.2)**	**(0.8)**	**(4.0)**	(1.8)	–	(1.8)
Exchange differences	**–**	**0.1**	**0.1**	–	–	–
At 31 December	**7.7**	**5.2**	**12.9**	4.0	2.9	6.9
Analysed between:						
Current	**0.4**	**4.9**	**5.3**	0.9	1.7	2.6
Non-current	**7.3**	**0.3**	**7.6**	3.1	1.2	4.3
At 31 December	**7.7**	**5.2**	**12.9**	4.0	2.9	6.9

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 2021.

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.

21. Investments in joint ventures

	Investments in joint ventures £m	Provision for deficit in joint ventures £m	Total £m
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)	–
Additions/(disposals)	**1.9**	**–**	**1.9**
Dividends paid	**–**	**–**	**–**
Share of profit	**3.2**	**(2.9)**	**0.3**
Other	**–**	**(0.5)**	**(0.5)**
Exchange rate movements	**(0.2)**	**–**	**(0.2)**
At 31 December 2015	**5.6**	**(4.1)**	**1.5**

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

	2015 £m	2014 £m
Income statement		
Revenue	**27.6**	26.8
Expenses	**(24.9)**	(23.4)
Profit before tax for the year	**2.7**	3.4
Tax charge	**(0.5)**	(0.6)
Profit after tax for the year	**2.2**	2.8
Net assets/(liabilities)		
Fixed assets	**8.4**	6.5
Current assets	**27.1**	14.6
Current liabilities	**(32.6)**	(15.9)
Non-current liabilities	**(9.7)**	(9.6)
Net assets	**(6.8)**	(4.4)

22. Share capital

Ordinary equity share capital

	2015		2014	
	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 2015, 20,490,613 (2014: 12,883,455) shares were held as treasury shares. During the year ended 31 December 2015, Regus plc repurchased 9,543,800 (2014: 9,484,516) of its own shares in the open market and utilised 1,936,642 (2014: 1,858,441) 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.

23. Analysis of financial assets

	At 1 Jan 2015 £m	Cash flow £m	Non-cash changes £m	Exchange movements £m	**At 31 Dec 2015 £m**
Cash and cash equivalents	72.8	(7.3)	–	(1.6)	**63.9**
Gross cash	72.8	(7.3)	–	(1.6)	**63.9**
Debt due within one year	(1.4)	(7.8)	–	–	**(9.2)**
Debt due after one year	(209.3)	(45.0)	–	9.0	**(245.3)**
Finance leases due within one year	–	–	–	–	**–**
Finance leases due after one year	(0.1)	0.1	–	–	**–**
	(210.8)	(52.7)	–	9.0	**(254.5)**
Net financial assets/(liabilities)	(138.0)	(60.0)	–	7.4	**(190.6)**

Cash and cash equivalent balances held by the Group that are not available for use amounted to £16.0m at 31 December 2015 (2014: £17.4m). Of this balance, £12.5m (2014: £13.5m) is pledged as security against outstanding bank guarantees and a further £3.5m (2014: £3.9m) 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.

24. 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 27 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 18 to 20 within the Strategic Report reviews the trading performance, financial position, and cash flows of the Group. During the year ended 31 December 2015 the Group made a significant investment in growth and the Group's net debt position increased by £52.6m to a net debt position of £190.6 as at 31 December 2015. 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 2020. As at 31 December 2015 £205.1m 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.

	2015 £m	2014 £m
Americas	**41.2**	28.0
EMEA	**68.9**	57.9
Asia Pacific	**33.7**	28.7
UK	**62.4**	46.3
	206.2	160.9

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 2015 £m	**Provision 2015 £m**	Gross 2014 £m	Provision 2014 £m
Not overdue	**158.4**	**–**	120.4	–
Past due 0 – 30 days	**31.2**	**–**	25.8	–
Past due 31 – 60 days	**7.4**	**–**	7.9	–
More than 60 days	**20.8**	**(11.6)**	15.1	(8.3)
	217.8	**(11.6)**	169.2	(8.3)

At 31 December 2015, the Group maintained a provision of £11.6m against potential bad debts (2014: £8.3m) arising from trade receivables. The Group had provided £6.5m (2014: £4.5m) in the year and utilised £3.2m (2014: £2.5m). Customer deposits of £331.6m (2014: £290.4m) 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 £47.9m (2014: £55.2m). In addition to cash and liquid investments, the Group had £205.1m 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 (£154.2m) 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 2020. As at 31 December £205.1m was available and undrawn under this facility.

Although the Group has net current liabilities of £446.1m (2014: £303.9m), 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 £331.6m (2014: £290.4m) 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 £205.4m at 31 December 2015 (2014: £98.6m).

Market risk

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

Interest rate risk

The Group manages its exposure to interest rate risk through the relative proportions of fixed rate debt and floating rate debt. The surplus cash balances are invested short-term, and at the end of 2015 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 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:

	2015			
£m	**GBP**	**JPY**	**EUR**	**USD**
Trade and other receivables	**–**	**–**	**9.1**	**16.4**
Trade and other payables	**(1.4)**	**(1.2)**	**(21.9)**	**(19.4)**
Net statement of financial position exposure	**(1.4)**	**(1.2)**	**(12.8)**	**(3.0)**

	2014			
£m	GBP	JPY	EUR	USD
Trade and other receivables	0.1	–	5.7	11.4
Trade and other payables	(0.9)	(2.2)	(26.9)	(12.9)
Net statement of financial position exposure	(0.8)	(2.2)	(21.2)	(1.5)

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 2015 it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax by approximately £1.7m (2014: decrease of £0.9m) with a corresponding increase in total equity.

It is estimated that a five percentage point weakening in the value of the US dollar against sterling would have decreased the Group's profit before tax by approximately £6.0m for the year ended 31 December 2015 (2014: £3.1m). It is estimated that a five percentage point weakening in the value of the euro against sterling would have decreased the Group's profit before tax by approximately £1.8m for the year ended 31 December 2015 (2014: decrease of £0.1m).

It is estimated that a five percentage point weakening in the value of the US dollar against sterling would have decreased the Group's total equity by approximately £10.7m for the year ended 31 December 2015 (2014: £11.7m). It is estimated that a five percentage point weakening in the value of the euro against sterling would have decreased the Group's total equity by approximately £5.9m for the year ended 31 December 2015 (2014: £6.4m).

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 page 35. 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 42 to 43. In addition, the Group operates various share option plans for key management and other senior employees.

In the year ended 31 December 2015 Regus plc purchased 1,110,796 (2014: nil) of its own shares in the open market to satisfy employee share awards. Regus plc also purchased 9,543,800 (2014: 9,484,516) of its own shares in the open market to hold as treasury shares. 1,936,642 (2014: 1,858,441) treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 1 March 2016, 20,486,213 shares were held as treasury shares.

The Company declared an interim dividend of 1.4p per share (2014: 1.25p) during the year ended 31 December 2015 and proposed a final dividend of 3.1p per share (2014: 2.75p per share), a 13% increase on the 2014 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 £190.6m at the end of 2015 (2014: £138.0m) and £205.1m (2014: £256.6m) 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 2015

	Effective interest rate %[(a)]	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Cash and cash equivalents	0.4%	63.9	63.9	63.9	–	–	–
Trade and other receivables	–	454.0	465.6	408.4	26.7	30.5	–
Financial assets[(b)]		517.9	529.5	472.3	26.7	30.5	–
Non-derivative financial liabilities[(a)]:							
Finance lease liabilities	–	–	–	–	–	–	–
Bank loans and corporate borrowings	4.0%	(245.3)	(245.3)	–	(124.1)	(88.0)	(33.2)
Other loans	12.4%	(9.2)	(9.2)	(9.1)	(0.1)	–	–
Customer deposits	–	(331.6)	(331.6)	(331.6)	–	–	–
Trade and other payables	–	(191.5)	(191.5)	(187.8)	(3.7)	–	–
Derivative financial liabilities:							
Cross-currency interest rate swaps							
– Outflow	–	(14.2)	(135.3)	–	(135.3)	–	–
– Inflow	–	–	121.1	–	121.1	–	–
Interest rate swaps							
– Outflow	–	(0.8)	(0.8)	–	–	(0.8)	–
– Inflow	–	–	–	–	–	–	–
Financial liabilities		(792.6)	(792.6)	(528.5)	(142.1)	(88.8)	(33.2)

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

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

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 and 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	–	(150.6)	(150.6)	(147.9)	(2.7)	–	–
Derivative financial liabilities:							
Cross-currency interest rate swaps							
– Outflow	–	(7.0)	(135.7)	–	–	(135.7)	–
– Inflow	–	–	128.7	–	–	128.7	–
Interest rate swaps							
– Outflow	–	(0.7)	(0.7)	–	–	(0.7)	–
– Inflow	–	–	–	–	–	–	–
Financial liabilities		(659.5)	(659.5)	(439.8)	(4.9)	(214.8)	–

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

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

Fair value disclosures

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

31 December 2015		**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	**63.9**	**–**	**–**	**63.9**	**–**	**–**	**–**	**–**
Trade and other receivables	**454.0**	**–**	**–**	**454.0**	**–**	**–**	**–**	**–**
Finance lease liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Bank loans and corporate borrowings	**–**	**(245.3)**	**–**	**(245.3)**	**–**	**–**	**–**	**–**
Other loans		**(9.2)**	**–**	**(9.2)**	**–**	**–**	**–**	**–**
Customer deposits	**–**	**(331.6)**	**–**	**(331.6)**	**–**	**–**	**–**	**–**
Trade and other payables	**–**	**(191.5)**	**–**	**(191.5)**	**–**	**–**	**–**	**–**
Derivative financial liabilities	**–**	**–**	**(15.0)**	**(15.0)**	**–**	**(15.0)**	**–**	**(15.0)**
	517.9	**(777.6)**	**(15.0)**	**(274.7)**	**–**	**(15.0)**	**–**	**(15.0)**
Unrecognised gain								**–**

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 and corporate borrowings	–	(209.3)	–	(209.3)	–	–	–	–
Other loans	–	(1.4)	–	(1.4)	–	–	–	–
Customer deposits	–	(290.4)	–	(290.4)	–	–	–	–
Trade and other payables	–	(150.6)	–	(150.6)	–	–	–	–
Derivative financial liabilities	–	–	(7.7)	(7.7)	–	(7.7)	–	(7.7)
	418.7	(651.8)	(7.7)	(240.8)	–	(7.7)	–	(7.7)
Unrecognised gain								–

During the years ended 31 December 2014 and 31 December 2015, 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 fair values, finance leases and methods used for financial assets and liabilities not measured at fair value:

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 2015:

	2015 EUR m	2014 EUR m
Derivatives used for cash flow hedging	**210.0**	210.0

Committed borrowings

	2015 Facility £m	**2015 Available £m**	2014 Facility £m	2014 Available £m
Schuldschein loan note	**154.2**	**–**	163.6	–
Revolving credit facility	**320.0**	**205.1**	320.0	256.6
Guarantee and letter of credit facility	**75.0**	**4.6**	95.0	15.5
Total	**549.2**	**209.7**	578.6	272.1

In May 2014 the Group issued debt securities for a total amount of €210.0m (£154.2m) using the German "Schuldschein" framework for debt issuance. These securities consisted of €165.0m of three year notes and €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, €165.0 million was swapped into a fixed rate GBP liability and €45.0m 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 £320.0m revolving credit facility and a £75.0m bank guarantee and letter of credit facility both with final maturities in April 2020 and September 2017 respectively. 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.

25. Share-based payments

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

Plan 1: Regus Group Share Option Plan

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

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

Reconciliation of outstanding share options

	2015		2014	
	Number of share options	**Weighted average exercise price per share**	Number of share options	Weighted average exercise price per share
At 1 January	**36,096,491**	**144.20**	26,841,120	125.20
Granted during the year	**1,906,565**	**250.80**	14,721,296	186.15
Lapsed during the year	**(4,062,226)**	**205.94**	(4,407,566)	155.91
Exercised during the year	**(4,446,206)**	**95.12**	(1,058,359)	98.81
Outstanding at 31 December	**29,494,624**	**155.35**	36,096,491	144.22
Exercisable at 31 December	**2,853,016**	**100.00**	2,118,056	103.62

Date of grant	Numbers granted	Weighted average exercise price per share	Lapsed	Exercised	At 31 Dec 2015	Exercisable from	Expiry date
23/03/2010	3,986,000	100.50	(3,463,777)	(352,743)	169,480	23/03/2013	23/03/2020
28/06/2010	617,961	75.00	(546,198)	(38,072)	33,691	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)	(321,244)	1,124,354	01/04/2014	01/04/2021
30/06/2011	9,867,539	109.50	(4,900,647)	(2,440,482)	2,526,410	30/06/2014	30/06/2021
31/08/2011	300,000	67.00	–	(100,000)	200,000	31/08/2014	31/08/2021
02/09/2011	1,000,000	74.35	(92,667)	(604,888)	302,445	01/09/2014	02/09/2021
13/06/2012	11,189,000	84.95	(3,703,446)	(1,496,721)	5,988,833	13/06/2015	13/06/2022
12/06/2013	7,741,000	155.60	(2,993,810)	–	4,747,190	12/06/2016	12/06/2023
18/11/2013 (Grant 1)	1,053,000	191.90	(1,053,000)	–	–	18/11/2016	17/11/2023
18/11/2013 (Grant 2)	600,000	191.90	(355,000)	–	245,000	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	(1,210,300)	–	635,200	20/05/2017	19/05/2024
05/11/2014	12,875,796	186.00	(766,132)	–	12,109,664	05/11/2017	04/11/2024
19/05/2015	1,906,565	250.80	(1,500,000)	–	406,565	19/05/2018	18/05/2025
Total	56,743,007	139.18	(21,886,107)	(5,362,276)	29,494,624		

Nil options awarded during the year under the Regus Share Option Plan (France) are included in the above table (2014: 311,828), 33,603 lapsed during the year (2014: 162,250) and 13,861 were exercised during the year (2014: 5,044).

Performance conditions for share options

March, June and September 2010 share option plan

The Group and regional performance targets for the options awarded in March, June and September 2010, 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 for the options awarded in September 2011, based on the pre-growth operating profit for the year ending 31 December 2012, 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 for the options awarded in June 2012, based on pre-growth profit for the year ending 31 December 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 for the options awarded in June 2013, based on Group operating profit for the year ending 31 December 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. 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.

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

November 2014 share option plan

The options awarded in November 2014 are conditional on the ongoing employment of the related employees and the achievement of margin targets. The dates and percentage of options vesting are dependent on the year in which the margin targets are achieved, the earliest dates on which the options are eligible to vest is as follows:

	Proportion to vest
November 2017	1/5
November 2018	1/5
November 2019	1/5
November 2020	1/5
November 2021	1/5

May 2015 share option plan

The options awarded in May 2015 are conditional on the ongoing employment of the related employees and the achievement of margin targets. The dates and percentage of options vesting are dependent on the year in which the margin targets are achieved, the earliest dates on which the options are eligible to vest is as follows:

	Proportion to vest
May 2018	1/5
May 2019	1/5
May 2020	1/5
May 2021	1/5
May 2022	1/5

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 2015	November 2014	May 2014	December 2013 (Grant 2)	December 2013 (Grant 1)	November 2013 (Grant 2)
Share price on grant date	**250.80p**	**188.40p**	**191.00p**	195.00p	195.00p	191.90p
Exercise price	**250.80p**	**186.00p**	**187.20p**	195.00p	195.00p	191.90p
Expected volatility	**27.23% – 30.12%**	**24.67% – 33.53%**	**27.30%– 41.91%**	32.91%	32.91%	32.69%
Number of simulations	**–**	**–**	**–**	–	–	–
Number of companies	**–**	**–**	**–**	–	–	–
Option life	**3–7 years**	**3–7 years**	**3–5 years**	5–8 years	3–5 years	3–5 years
Expected dividend	**1.59%**	**2.02%**	**2.00%**	1.46%	1.46%	1.46%
Fair value of option at time of grant	**42.35p – 69.12p**	**27.24p – 54.58p**	**30.80p– 59.63p**	52.41p – 65.95p	40.56p– 52.41p	45.73p
Risk-free interest rate	**0.81% – 1.53%**	**0.90% – 1.81%**	**0.99%– 1.47%**	1.57%– 2.30p	0.85%– 1.57%	1.22%

	November 2013 (Grant 1)	June 2013	June 2012	September 2011	August 2011	June 2011
Share price on grant date	191.90p	158.00p	88.55p	72.50p	75.90p	110.70p
Exercise price	191.90p	155.60p	84.95p	74.35p	67.00p	109.50p
Expected volatility	32.69%	40.31%– 48.98%	47.87%– 52.74%	52.59%– 46.08%	52.61%– 46.13%	51.55%– 44.99%
Number of simulations	–	30,000	30,000	30,000	30,000	30,000
Number of companies	–	–	–	–	–	FTSE All Share Index
Option life	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	1.46%	2.03%	3.27%	3.66%	3.49%	2.35%
Fair value of option at time of grant	39.63p– 51.24p	39.21p– 58.39p	29.88p– 31.12p	22.89p– 22.71p	27.32p– 27.01p	39.41p– 40.96p
Risk-free interest rate	0.85%– 1.57%	0.67%– 1.20%	0.65%– 1.11%	1.16%– 1.75%	1.29%– 1.91%	1.81%– 2.57%

	April 2011		September 2010		June 2010	
	EPS	TSR	EPS	TSR	EPS	TSR
Share price on grant date	70.60p	70.60p	73.20p	73.20p	94.00p	94.00p
Exercise price	69.10p	69.10p	75.00p	75.00p	100.50p	100.50p
Expected volatility	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
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
Option life	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	3.40%	3.40%	3.28%	3.28%	2.55%	2.55%
Fair value of option at time of grant	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	1.51%– 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

	2015 Number of awards	2014 Number of awards
At 1 January	**5,760,289**	9,377,249
CIP awards granted during the year	**1,039,760**	809,610
LTIP awards granted during the year	**–**	–
Lapsed during the year	**(1,251,836)**	(3,056,082)
Exercised during the year	**(1,874,545)**	(1,370,488)
Outstanding at 31 December	**3,673,668**	5,760,289
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 2015 was 244.98p (2014: 221.64p).

Plan	Date of grant	Numbers granted	Lapsed	Exercised	**At 31 Dec 2015**	Release date
LTIP	03/11/2005	3,723,235	(1,092,818)	(2,630,417)	**–**	03/11/2008
LTIP	23/03/2010	2,900,472	(2,304,207)	(596,265)	**–**	23/03/2013
		6,623,707	(3,397,025)	(3,226,682)	**–**	

Plan	Date of grant	Numbers granted	Lapsed	Exercised	**At 31 Dec 2015**	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	(3,748,117)	(1,733,223)	**441,576**	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	(5,440,175)	(2,466,293)	**707,816**	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	(308,558)	–	**908,618**	See below(2)
CIP: Investment shares	05/03/2014	161,922	–	–	**161,922**	05/03/2017
CIP: Matching shares	05/03/2014	647,688	(235,484)	–	**412,204**	See below(3)
CIP: Investment shares	04/03/2015	207,952	–	–	**207,952**	04/03/2018
CIP: Matching shares	04/03/2015	831,808	(302,504)	–	**529,304**	See below(4)
		21,678,165	(10,294,629)	(7,709,850)	**3,673,686**	

(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.

(4) The release date for the Matching Share awards of the March 2015 CIP is 4 March 2020.

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:

	04/03/2015	05/03/2014	06/03/2013	23/03/2010	23/03/2009
	CIP	CIP	CIP	LTIP(a)	CIP(b)
Share price on grant date	**225.00p**	253.30p	143.50p	108.10p	65.50p
Exercise price	**Nil**	Nil	Nil	Nil	Nil
Number of simulations	**250,000**	250,000	250,000	250,000	200,000
Number of companies	**32**	32	32	32	32
Award life	**3 years**	3 years	3 years	3 years	3 years
Expected dividend	**1.78%**	1.66%	2.23%	2.22%	2.72%
Fair value of award at time of grant	**75.67p–114.6p**	83.11p–214.33p	83.11p–134.21p	47.00p	47.97p
Risk-free interest rate	**1.01%**	0.99%–1.47%	0.35%	1.86%	1.92%

(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 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 fast-growing 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 vested 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 was subject to the achievement of challenging corporate performance targets. 75% of each of the three amounts was subject to defined earnings per share (EPS) targets over the respective performance periods. The remaining 25% of each were subject to relative total shareholder return (TSR) targets over the respective periods. The targets were 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

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE All Share Total Return index[(a)]
Nil	Equal to or below the index
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:

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

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

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

(a) Over 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:

	EPS targets for the financial years ending		
% of awards eligible for vesting	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.

2015 CIP Investment and matching grants

The total number of matching awards made in 2015 to each participant is subject to a future performance period of three years. Conditional on meeting the performance targets, the matching shares will vest in March 2020. The vesting date relates to the earning per share (EPS) performance in the last finance year of the performance period, being 31 December 2017. The vesting of these awards is subject to the achievement of challenging corporate performance targets. 75% is subject to defined EPS targets over the performance period. The remaining 25% will be subject to relative total shareholder return (TSR) targets over the period. The targets are as follows:

% of awards eligible for vesting	Compound annual growth in EPS over the performance period
25%	24%
100%	32%

The target is based on compound annual growth from an equivalent “base year” EPS figure for 2014 of 7.4p.

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE 350 Index (excluding financial services and mining companies)
Below index	0%
Median	25%
Upper quartile or above	100%

Plan 3: One-Off Award
In November 2015, an award of 328,751 ordinary shares of 1p each in the Company was granted to the Company’s Chief Financial Officer and Chief Operating Officer, Dominik de Daniel. The award was structured as a conditional award and was granted under a one-off award arrangement established under Listing Rule 9.4.2(2).

In the normal course of events the award will vest over five years, if and to the extent to which performance conditions are achieved. The applicable performance target is set out below:

Performance metric	Target	Vesting at target
Compound annual growth in EPS over the performance period	5%	100%

Reconciliation of outstanding share options

	2015	2014
	Number of awards	Number of awards
At 1 January	**–**	–
One-off award granted during the year	**328,751**	–
Lapsed during the year	**–**	–
Exercised during the year	**–**	–
Outstanding at 31 December	**328,751**	–
Exercisable at 31 December	**–**	–

26. Retirement benefit obligations

The Group accounts for the Swiss and Philippines pension plans as defined benefit plans under IAS 19 (2011) – Employee Benefits.

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

	2015 £m	2014 £m
Fair value of plan assets	**3.9**	3.2
Present value of obligations	**(4.7)**	(3.4)
Net funded obligations	**(0.8)**	(0.2)

27. Acquisitions

Current period acquisitions

During the year ended 31 December 2015 the Group made a number of individually immaterial acquisitions for a total consideration of £124.8m.

£m	Book value	Provisional fair value adjustments	Provisional fair value
Net assets acquired			
Intangible assets	–	2.6	2.6
Property, plant and equipment	27.5	(3.2)	24.3
Cash	25.5	–	25.5
Other current and non-current assets	18.0	3.8	21.8
Current liabilities	(48.3)	–	(48.3)
Non-current liabilities	(7.7)	(0.4)	(8.1)
	15.0	2.8	17.8
Goodwill arising on acquisition			107.0
Total consideration			124.8
Less: Deferred consideration			(1.0)
			123.8
Cash flow on acquisition			
Cash paid			123.8
Net cash outflow			123.8

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. £37.2m of the above goodwill is expected to be deductible for tax purposes.

If the above acquisitions had occurred on 1 January 2015, the revenue and net retained loss arising from these acquisitions would have been £ 94.1m and £ 2.1m respectively. In the year the equity acquisitions contributed revenue of £68.1m and net retained loss of £3.0m.

There was £1.0m contingent consideration arising on the 2015 acquisitions. Deferred consideration of £1.1m (2014: nil) was also paid during the current year with respect to milestones achieved on prior year acquisitions.

The acquisition costs associated with these transactions were £3.8m, recorded within administration expenses within the consolidated income statement.

For a number of the acquisitions in 2015, the fair value of assets acquired has only been provisionally assessed at the reporting date. The main changes in the provisional fair values expected are for the fair value of the leases (asset or liability), customer relationships and plant, property and equipment. The final assessment of the fair value of these assets will be made within 12 months of the acquisition date and, any adjustments reported in future reports.

The Group continued to complete acquisition transactions subsequent to 31 December 2015, 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.

Prior period acquisitions

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

£m	Book value	Provisional fair value adjustments	Provisional fair value	Final fair value adjustments	Final fair value
Net assets acquired					
Intangible assets	0.1	1.1	1.2	1.5	2.7
Property, plant and equipment	61.2	(2.3)	58.9	(0.9)	58.0
Cash	9.8	–	9.8	–	9.8
Other current and non-current assets	9.4	–	9.4	0.5	9.9
Current liabilities	(21.5)	–	(21.5)	(0.2)	(21.7)
Non-current liabilities	(7.1)	(1.5)	(8.6)	(0.6)	(9.2)
	51.9	(2.7)	49.2	0.3	49.5
Goodwill arising on acquisition			55.0		58.6
Total consideration			104.2		108.1
Less: Fair value adjustment of historical investment in acquired joint venture			(2.7)		(2.7)
Less: Deferred consideration			(1.7)		(5.6)
			99.8		99.8
Cash flow on acquisition					
Cash paid			99.8		99.8
Net cash outflow			99.8		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 £5.6m 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.

28. Capital commitments

	2015 £m	2014 £m
Contracts placed for future capital expenditure not provided for in the financial statements	**46.7**	26.3

These commitments are principally in respect of fit out obligations on new centres opening in 2016. In addition, our share of the capital commitments of joint ventures amounted to £2.0m at 31 December 2015 (2014: £nil).

29. Non-cancellable operating lease commitments

At 31 December 2015 the Group was committed to making the following payments in respect of operating leases:

	2015			2014		
	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	**715.7**	**1.3**	**717.0**	594.1	0.7	594.8
Between two and five years	**2,029.0**	**2.0**	**2031.0**	1,659.9	1.1	1,661.0
After five years	**922.7**	**–**	**922.7**	684.0	–	684.0
	3,667.4	**3.3**	**3,670.7**	2,938.0	1.8	2,939.8

Non-cancelable 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.

The Group’s non-cancellable operating lease commitments do not generally include purchase options nor do they impose restrictions on the Group regarding dividends, debt or further leasing.

30. 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 £122.8m (2014: £115.2m). There are no material lawsuits pending against the Group.

31. Related parties

Parent and subsidiary entities

The consolidated financial statements include the results of the Group and the subsidiaries listed in note 32.

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
2015			
Joint ventures	**2.2**	**7.2**	**7.6**
2014			
Joint ventures	2.2	3.5	4.6

As at 31 December 2015, £nil of the amounts due to the Group has been provided for (2014: £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:

	2015 £m	2014 £m
Short-term employee benefits	**11.3**	9.7
Retirement benefit obligations	**0.4**	0.4
Share-based payments	**3.2**	2.2
	14.9	12.3

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 £3.5m (2014: £2.7m). 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 2015 the Group acquired goods and services from a company indirectly controlled by a Director of the Company amounting to £15,466 (2014: £44,039). There was a £15,466 balance outstanding at the year-end (2014: 2,723).

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.

32. Principal Group companies

The Group's principal subsidiary undertakings at 31 December 2015, 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
Avanta Managed Offices Ltd	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
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 Australia Management Pty	Australia	100
Regus Business Centres SAS	France	100
RBW Global Sarl	Luxembourg	100
Pathway Finance Sarl	Luxembourg	100
Pathway IP Sarl	Luxembourg	100
Regus Service Centre Philippines BV	Philippines	100
Regus Global Management Centre SA	Switzerland	100
Regus Group Services Ltd	United Kingdom	100
Principal activity – Management companies (continued)		
Regus Management (UK) Ltd	United Kingdom	100
Regus Management Group LLC	United States	100
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

33. 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 other intangible assets 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 based on our CGUs aggregated at a country 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 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 2015, including the sensitivity to changes in those assumptions can be found in note 12.

Impairment of property plant and equipment

We evaluate the potential impairment of property, plant and equipment at a centre (CGU) level where there are indicators of impairment at the balance sheet date. In the assessment of value-in-use, key judgemental areas in determining future cash flow projections include: an assessment of the location of the centre; the local economic situation; competition; local environmental factors; the management of the centre; and future changes in occupancy, revenue and costs of the centre.

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 2015 (Luxembourg GAAP) £m	As at 31 Dec 2014 (Luxembourg GAAP) £m
Assets		
C. Fixed assets		
III. Financial assets		
1. Shares in affiliated undertakings	**644.6**	683.4
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
a) becoming due and payable within one year		
4. Other receivables	**0.3**	–
a) becoming due and payable within one year		
III. Transferable securities		
2. Own shares	**42.9**	19.9
(20,490,613 shares of £0.01 per share (2014: 12,883,455 shares))		
IV. Cash at bank and in hand	**–**	–
E. Prepayments	**0.1**	0.6
Total assets	**687.9**	704.8
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	**42.9**	19.9
4. Other reserves	**477.1**	500.1
V. Results brought forward	**57.9**	105.0
VI. Results for the financial year	**(17.3)**	(9.5)
VII. Interim dividends	**(13.0)**	(11.8)
	611.7	667.8
C. Provisions		
2. Provisions for taxation	**0.1**	0.1
3. Other provisions	**–**	–
D. Non-subordinated debts		
4. Trade creditors	**0.7**	0.5
a) becoming due and payable within one year		
6. Amounts owed to affiliated undertakings		
a) becoming due and payable within one year	**1.6**	0.4
b) becoming due and payable after more than one year	**73.8**	36.0
	76.1	36.9
Total liabilities	**687.9**	704.8

Approved by the Board on 1 March 2016

Mark Dixon
Chief Executive Officer

Dominik de Daniel
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 2015, 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 2015	EMEA 2015	Asia Pacific 2015	United Kingdom 2015	Other 2015	Total 2015
Mature[1]						
Workstations[4]	**125,841**	**54,548**	**52,352**	**51,524**	**–**	**284,265**
Occupancy (%)	**83.0%**	**79.4%**	**85.4%**	**81.1%**	**–**	**82.4%**
Revenue (£m)	**712.1**	**321.2**	**239.1**	**352.9**	**2.9**	**1,628.2**
Contribution (£m)	**189.0**	**89.6**	**68.7**	**86.8**	**(0.2)**	**433.9**
REVPOW	**6,817**	**7,417**	**5,351**	**8,441**		**6,950**
2014 Expansions[2]						
Workstations[4]	**12,677**	**15,774**	**16,753**	**4,302**	**–**	**49,506**
Occupancy (%)	**59.8%**	**65.1%**	**61.2%**	**74.2%**	**–**	**63.2%**
Revenue (£m)	**43.6**	**56.6**	**36.2**	**32.8**	**–**	**169.2**
Contribution (£m)	**(5.7)**	**5.1**	**(0.9)**	**8.6**	**–**	**7.1**
2015 Expansions[2]						
Workstations[4]	**10,635**	**7,224**	**9,178**	**7,880**	**–**	**34,917**
Occupancy (%)	**48.3%**	**51.6%**	**32.8%**	**82.8%**	**–**	**34.7%**
Revenue (£m)	**22.6**	**26.7**	**13.0**	**56.4**	**–**	**118.7**
Contribution (£m)[5]	**(10.7)**	**(4.0)**	**(8.8)**	**10.0**	**–**	**(13.5)**
Closures						
Workstations[4]	**261**	**355**	**288**	**2,015**	**–**	**2,919**
Occupancy (%)	**72.4%**	**71.5%**	**74.3%**	**74.7%**	**–**	**74.1%**
Revenue (£m)	**0.9**	**2.1**	**0.8**	**7.1**	**–**	**10.9**
Contribution (£m)	**(1.6)**	**(0.2)**	**(0.8)**	**2.3**	**–**	**(0.3)**
Total						
Workstations[4]	**149,414**	**77,901**	**78,571**	**65,721**	**–**	**371,607**
Occupancy (%)	**78.5%**	**73.9%**	**74.0%**	**80.7%**	**–**	**77.0%**
Revenue (£m)	**779.2**	**406.6**	**289.1**	**449.2**	**2.9**	**1,927.0**
Contribution (£m)	**171.0**	**90.5**	**58.2**	**107.7**	**(0.2)**	**427.2**
Unallocated contribution (£m)	**–**	**–**	**–**	**–**	**–**	**1.2**
REVPAW (£)	**5,215**	**5,219**	**3,679**	**6,835**	**–**	**5,186**
Period end workstations[6]						
Mature	**126,073**	**56,316**	**53,027**	**52,893**	**–**	**288,309**
2014 Expansions	**12,614**	**11,952**	**16,829**	**4,985**	**–**	**46,380**
2015 Expansions	**26,777**	**14,223**	**22,031**	**13,078**	**–**	**76,109**
Total	**165,464**	**82,491**	**91,887**	**70,956**	**–**	**410,798**

Segmental analysis – management basis (unaudited)

	Americas 2014	EMEA 2014	Asia Pacific 2014	United Kingdom 2014	Other 2014	Total 2014
Mature[(1)]						
Workstations[(4)]	125,540	53,301	51,923	50,082	–	280,846
Occupancy (%)	79.1%	77.6%	78.9%	83.7%	–	79.6%
Revenue (£m)	660.1	341.0	230.6	340.2	0.6	1,572.5
Contribution (£m)	157.3	83.2	64.9	81.0	1.1	387.5
REVPOW	6,647	8,244	5,629	8,116	–	7,034
2014 Expansions[(2)]						
Workstations[(4)]	4,977	6,510	6,170	3,284	–	20,941
Occupancy (%)	42.7%	49.0%	34.9%	72.3%	–	47.0%
Revenue (£m)	12.7	20.0	8.3	21.0	–	62.0
Contribution (£m)[(6)]	(7.5)	(3.8)	(5.0)	10.5	–	(5.8)
Closures[(3)]						
Workstations[(4)]	1,148	1,463	818	6,671	–	10,100
Occupancy (%)	70.5%	69.4%	73.4%	76.9%	–	74.8%
Revenue (£m)	5.1	8.5	3.1	24.9	–	41.6
Contribution (£m)	(0.5)	(0.4)	0.7	2.5	–	2.3
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

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 2014 comparative data is defined as a centre closed during the period from 1 January 2014 to 31 December 2015.

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

(5) 2015 expansions includes any costs incurred in 2015 for centres which will open in 2016.

(6) 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 18 of these accounts.

Description	Reference	2012 Aggregation	2013 Expansions	2014 Expansions	2015 Expansions	2016 Expansions	Closures	Total
Revenue	Income statement, p56	1,301.3	326.9	169.2	118.7	–	10.9	1,927.0
Centre Contribution	Income statement, p56	367.8	67.3	7.1	(12.6)	(0.9)	(0.3)	428.4
(Profit)/loss on disposal of assets	EBIT reconciliation (analysed below)	–	0.1	–	–	–	(0.4)	(0.3)
Underlying centre contribution		**367.8**	**67.4**	**7.1**	**(12.6)**	**(0.9)**	**(0.7)**	**428.1**
Selling, general and administration expenses[1]	Income statement, p56	(163.9)	(49.0)	(41.2)	(27.8)	(0.2)	(1.8)	(283.9)
EBIT	EBIT reconciliation (analysed below)	**203.9**	**18.4**	**(34.1)**	**(40.4)**	**(1.1)**	**(2.5)**	**144.2**
Depreciation and amortisation	Note 5, p69	79.5	31.6	20.3	11.8	–	2.0	145.2
Amortisation of partner contributions	Note 5, p69	(20.4)	(6.5)	(5.6)	(2.9)	–	(0.2)	(35.6)
Amortisation of acquired lease fair value adjustments	Note 5, p69	(2.6)	(2.2)	(0.3)	0.5	–	–	(4.6)
Non-cash items		**56.5**	**22.9**	**14.4**	**9.4**	**–**	**1.8**	**105.0**
Taxation [2]		**(40.7)**	**(3.7)**	**6.8**	**8.0**	**0.2**	**0.5**	**(28.9)**
Adjusted net cash profit		**219.7**	**37.6**	**(12.9)**	**(23.0)**	**(0.9)**	**(0.2)**	**220.3**
Maintenance capital expenditure	Capital expenditure (analysed below)	61.1	13.8	–	–	–	–	74.9
Partner contributions	Partner contributions (analysed below)	(23.6)	(3.7)	–	–	–	–	(27.3)
Net maintenance capital expenditure		**37.5**	**10.1**	**–**	**–**	**–**	**–**	**47.6**
Post-tax cash return		**182.2**	**27.5**	**(12.9)**	**(23.0)**	**(0.9)**	**(0.2)**	**172.7**
Growth capital expenditure	Capital expenditure (analysed below)	965.0	307.5	208.4	305.2	9.5	–	1,795.6
Partner contributions[3]	Partner contributions (analysed below)	(116.7)	(62.0)	(47.4)	(57.3)	–	–	(283.4)
Net investment		**848.3**	**245.5**	**161.0**	**247.9**	**9.5**	**–**	**1,512.2**
Post-tax cash return on net		**21.5%**	**11.2%**	**(8.0%)**	**(9.3%)**	**–**	**–**	**11.4%**

(1) Including research and development expenses

(2) Based on EBIT at the Group's long term effective tax rate of 20%

(3) The 2014 expansions includes £3.4m of partner contributions arising in 2015

2015

Movement in capital expenditure	2012 Aggregation	2013 Expansions	2014 Expansions	2015 Expansions	2016 Expansions	Closures	Total
2014 Growth capital expenditure	970.8	313.0	240.7	4.3	–	–	1,528.8
2015 Capital expenditure[4]	9.8	0.3	26.7	298.4	9.5	–	344.7
Property disposals	–	–	(58.5)	–	–	–	(58.5)
Reclassification of centres[5]	(2.5)	–	–	2.5	–	–	–
Centre closures[6]	(13.1)	(5.8)	(0.5)	–	–	–	(19.4)
2015 Growth capital expenditure	965.0	307.5	208.4	305.2	9.5	–	1,795.6

(4) 2016 expansions relate to costs and investments incurred in 2015 for centres which will open in 2016

(5) The 2012 aggregation represents the reclassification of centres which have been refurbished, expanded or relocated and therefore taken on the profile of a new centre.

(6) The growth capital expenditure for an estate is reduced by the investment in centres closed during the year, but only where that investment has been fully recovered.

2015

EBIT reconciliation	Reference	£m
EBIT		144.2
Profit on disposal of assets	Note 5, p69	0.3
Share of profit on joint ventures	Income statement, p56	0.3
Operating profit	Income statement, p56	**144.8**

2015

Partner contributions	Reference	£m
Opening partner contributions		189.9
• Current	Note 17, p78	35.2
• Non-current	Note 17, p78	154.7
Acquired in the period		–
Received in the period		87.1
• 2013 expansions and before		27.3
• 2014 expansions(3)		3.4
• 2015 expansions		56.4
Utilised in the period	Note 5, p69	(35.6)
Exchange differences		6.4
Closing partner contributions		**247.8**
• Current	Note 17, p78	48.3
• Non-current	Note 17, p78	199.5

2015

Capital expenditure	Reference	£m
Maintenance capital expenditure	CFO review, p20	74.9
Growth capital expenditure	CFO review, p20	344.7
Total capital expenditure		**419.6**
Analysed as		
• Purchase of subsidiary undertakings	Cash flow, p60	99.4
• Purchase of property, plant and equipment	Cash flow, p60 Note 14, p77	311.5
• Purchase of intangible assets	Cash flow, p60 Note 13, p76	8.7

Five-year summary

	Full year ended 31 Dec 2015 £m	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
Revenue	**1,927.0**	1,676.1	1,533.5	1,244.1	1,162.6
Cost of sales	**(1,498.6)**	(1,293.0)	(1,159.7)	(923.4)	(883.5)
Gross profit (centre contribution)	**428.4**	383.1	373.8	320.7	279.1
Administration expenses before non-recurring expenses	**(273.6)**	(270.9)	(275.9)	(225.7)	(221.6)
Research & development	**(10.3)**	(8.7)	(7.2)	(4.5)	(3.1)
Administration expenses	**(283.9)**	(279.6)	(283.1)	(230.2)	(224.7)
Operating profit (before non-recurring items)	**144.5**	103.5	90.7	90.5	54.4
Non-recurring items	**15.3**	–	–	–	–
Operating profit (including non-recurring items)	**159.8**	103.5	90.7	90.5	54.4
Share of post-tax profit/(loss) of joint ventures	**0.3**	0.8	0.1	(0.3)	0.1
Profit before financing costs	**160.1**	104.3	90.8	90.2	54.5
Finance expense	**(15.0)**	(17.3)	(10.5)	(5.9)	(6.4)
Finance income	**0.6**	0.1	1.2	0.8	1.3
Profit before tax for the year	**145.7**	87.1	81.5	85.1	49.4
Tax (charge)/credit	**(25.8)**	(17.2)	(14.6)	(14.2)	(9.0)
Profit after tax for the year	**119.9**	69.9	66.9	70.9	40.4
Attributable to:					
Equity shareholders of the parent	**119.9**	69.9	66.9	70.9	41.7
Minority interests	**–**	–	–	–	(1.3)
	119.9	69.9	66.9	70.9	40.4
Earnings per ordinary share (EPS):					
Basic (p)	**12.8p**	7.4p	7.1p	7.5p	4.3p
Diluted (p)	**12.6p**	7.2p	7.0p	7.5p	4.3p
Weighted average number of shares outstanding (‘000s)	**933,458**	944,082	943,775	941,922	941,899
Balance sheet data (as at 31 December)					
Intangible assets	**666.0**	549.9	491.7	363.9	331.3
Property, plant and equipment	**917.0**	718.8	608.7	437.5	333.5
Deferred tax assets	**36.4**	40.0	33.4	33.9	32.2
Trade and other receivables	**644.3**	565.2	423.8	333.9	319.2
Cash, cash equivalents and liquid investments	**63.9**	72.8	84.7	132.3	197.5
Total assets	**2,327.6**	1,946.7	1,642.3	1,301.5	1,213.7
Current liabilities	**(1,085.7)**	(891.9)	(758.8)	(612.5)	(578.4)
Non-current liabilities	**(650.6)**	(513.1)	(364.4)	(157.0)	(126.4)
Provisions	**(7.6)**	(4.3)	(4.9)	(4.6)	(8.2)
Equity minority interests	**–**	–	–	–	–
Equity shareholders’ funds	**(583.7)**	(537.4)	(514.2)	(527.4)	(500.7)
Total liabilities and shareholders’ funds	**(2,327.6)**	(1,946.7)	(1,642.3)	(1,301.5)	(1,213.7)

Directors' statements

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

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

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

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and their profit or loss for the period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company annual accounts, state whether applicable Luxembourg accounting standards have been followed, subject to any material departures disclosed and explained in the parent company annual accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

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

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

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

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

Statutory statement as to disclosure to auditor

The Directors who held office at the date of approval of this Directors' statements confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

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

By order of the Board

Mark Dixon
Chief Executive Officer

Dominik de Daniel
Chief Financial Officer

1 March 2016