Company Registration No. 1098081

ISG Developments Limited

Report and Financial Statements

30 June 2011

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ISG Developments Limited

Report and financial statements 2011

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ISG Developments Limited

Report and financial statements 2011

Officers and professional advisers

Directors

A M Finn
J C B Houlton
S D Lawther
C N Tatton

Company Secretary

J S P Cranney

Registered office

Woodland House
Woodland Park
Bradford Road
Bradford
West Yorkshire
BD19 6BW

Bankers

Bank of Scotland
33 Old Broad Street
London
EC2N 1HZ

Auditor

Deloitte LLP
Chartered Accountants & Statutory Auditor
London

ISG Developments Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 30 June 2011

This directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

Activities

The principal activity of the company is that of property development There has not been any significant change to the company's principal activity in the year under review

Review of business

Following the Board's decision in previous years to wind down its development operations there is now only one site, in Harrogate, in which the company has an interest This is carried in the balance sheet as land held for development During the second half of the year discussions have taken place with a third party interested in acquiring the site for redevelopment Heads of terms have been agreed in respect of a conditional sale agreement, which is progressing towards exchange

In light of the difficult market conditions for development generally, at 30 June 2009 the value of this stock was written down to £580,000 to reflect the directors' view of its net realisable value at that time The directors have again considered the carrying value of the land at 30 June 2011 and do not believe that any further impairment in its value has occurred during the year

During the year the Interior Services Group plc performed an exercise to rationalise intercompany loan arrangements As a result of this exercise, existing loans of £0 8 million were waived by other group companies In addition, the company was loaned £2 0 million in cash by another group company which eliminated the company's overdraft This loan was then waived bringing the total intercompany loans waived to £2 8 million This has been accounted for as a capital contribution and consequently is not shown on the face of the profit and loss account

Going concern

Information on the business environment in which the company operates, including the factors that are likely to impact the future prospects of the company, are included elsewhere in this report The directors have considered the uncertainties caused by the current economic environment in forming their assessment of going concern

The company is a member of a group, whose ultimate parent company is Interior Services Group plc Cross guarantees are in place for all monies due to certain banks As such, the consideration of going concern has been assessed on a group basis, as disclosed in the financial statements of Interior Services Group plc

The directors of Interior Services Group plc have prepared cash flow forecasts for the group for a period in excess of twelve months from the date of approval of these financial statements These forecasts reflect an assessment of current and future market conditions, their impact on the group's trading performance and the actions taken by management in response to the challenging market conditions The forecasts completed on this basis demonstrate that the group will be able to operate within its current committed debt facilities In addition, management has considered various mitigating actions that could be taken in the event that future market conditions deteriorate beyond their current assessment Such measures include further reductions in costs, further reductions in capital expenditure and further improvements in those items of working capital within management's control

On the basis of the above assessment, the directors continue to adopt the going concern basis in preparing the financial statements of the company

ISG Developments Limited

Directors' report (continued)

Results and dividends

The result for the year and the state of the company's affairs are set out in the attached financial statements The directors do not recommend the payment of a dividend (2010 - £nil)

Directors

The directors who served during the year are shown on page 1

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Disclosure of relevant information to auditor

Each of the persons who are a director at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP is deemed to be re-appointed as auditor in accordance with s487(2) of the Companies Act 2006

Approved by the Board of directors and signed on behalf of the Board

J S P Cranney
Secretary
13 October 2011

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report to the members of ISG Developments Limited

We have audited the financial statements of ISG Developments Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Claire Faulkner

Claire Faulkner (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

14 October 2011

ISG Developments Limited

Profit and loss account
Year ended 30 June 2011

	Note	2011 £'000	2010 £'000
Other income		-	1
Administrative expenses		(40)	(58)
Operating loss		(40)	(57)
Interest payable and similar charges	3	(28)	(33)
Loss on ordinary activities before taxation	2	(68)	(90)
Tax credit on loss on ordinary activities	5	19	20
Loss on ordinary activities after taxation	11, 12	(49)	(70)

All results are derived from continuing operations

There are no recognised gains and losses in the current year or preceding year other than as stated above, consequently, no statement of total recognised gains and losses is presented

ISG Developments Limited

Balance sheet
30 June 2011

	Note	2011 £'000	2010 £'000
Current assets			
Stocks	7	580	580
Debtors	8	52	77
Cash at bank		72	-
		704	657
Creditors: amounts falling due within one year	9	(16)	(2,763)
Net current assets/(liabilities)		688	(2,106)
Total assets less current liabilities		688	(2,106)
Net assets/(liabilities)		688	(2,106)
Capital and reserves			
Called up share capital	10	10	10
Profit and loss account	11	678	(2,116)
Total shareholders' funds/(deficit)	12	688	(2,106)

These financial statements of ISG Developments Limited, company number 1098081, were approved by the Board of Directors and authorised for issue on 13 October 2011

Signed on behalf of the Board of Directors

C N Tatton
Director

A M Finn
Director

The accompanying notes are an integral part of this balance sheet

ISG Developments Limited

Notes to the financial statements
Year ended 30 June 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom company law and accounting standards A summary of principal accounting policies is set out below

Basis of accounting

The financial information set out in this report has been prepared under the historical cost convention The principal accounting policies adopted, all of which have been consistently applied, are set out below

Basis of preparation

The financial statements of the subsidiary companies have not been consolidated with those of the company as it is exempt under Section 400 of the Companies Act 2006 as the company is a wholly owned subsidiary of a company incorporated in the United Kingdom Accordingly, these financial statements present information about the company as an individual undertaking and not about its group

Going concern

After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the Directors' Report

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements which include a cash flow statement

Work in progress and stocks

Work in progress and stocks are valued at the lower of cost and net realisable value Provision is made for foreseeable losses

Notes to the financial statements (continued)
Year ended 30 June 2011

1. Accounting policies (continued)

Taxation

The tax expense represents the current tax and deferred tax charges

The current tax payable is based on taxable profit for the year Taxable profit differs from reported profit in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries or associates where there is no commitment to remit these earnings Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

2. Loss on ordinary activities before taxation

	2011	2010
This is stated after charging	£'000	£'000
Impairment of investment in subsidiary undertaking	-	27

Auditor's remuneration for the audit of the company's annual accounts of £4,000 (2010 - £4,000) was borne by a fellow subsidiary No other fees were payable to the company's statutory auditors

3. Interest payable and similar charges

	2011	2010
	£'000	£'000
Bank interest	28	33

4. Staff costs including directors' remuneration

The average monthly number of employees during the year is none (2010 none)

The remuneration costs of the directors are borne by fellow group companies

Notes to the financial statements (continued)
Year ended 30 June 2011

5. Tax credit on loss on ordinary activities

(a) Tax on loss on ordinary activities

	2011 £'000	2010 £'000
Tax credit comprises		
United Kingdom corporation tax based on the loss for the year	19	20
Tax credit on loss on ordinary activities	19	20

(b) Factors affecting current tax credit

The tax rate used for 2011 is the corporation tax rate of 27 5% (2010 – 28%) payable by corporate entities in United Kingdom on taxable profits under tax law in that jurisdiction The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation

The differences are reconciled below	2011 £'000	2010 £'000
Loss on ordinary activities before taxation	(68)	(90)
Loss on ordinary activities multiplied by standard rate of corporation tax	(19)	(25)
Expenses not deductible for tax purposes	1	8
Depreciation in excess of capital allowances	(1)	(1)
Adjustment to prior year provisions	-	(1)
Other timing differences	-	(1)
Total current tax credit	(19)	(20)

There is an unrecognised deferred tax asset in respect of tax losses of £162,000 (2010 - £178,000) which has not been recognised in the accounts as the timing of the recoverability of this is considered uncertain

6. Dividends

	2011 £'000	2010 £'000
Dividend received	-	30

On 30 June 2010 £30,000 receivable from ISG Construction Limited (formerly ISG Regions Limited) was received from ISG Totty Building Limited as a dividend in specie

Notes to the financial statements (continued)
Year ended 30 June 2011

7. Stocks

	2011 £'000	2010 £'000
Land held for development	580	580

8. Debtors

	2011 £'000	2010 £'000
Amounts owed from group companies	44	44
Corporation tax recoverable	8	10
Other debtors	-	23
	52	77

9. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdraft	-	1,878
Trade creditors	-	28
Amounts owed to group companies	-	843
Accruals and deferred income	16	14
	16	2,763

10. Share capital

	2011 £'000	2010 £'000
Allotted, called up and fully paid:		
10,000 Ordinary shares of £1 each	10	10

Notes to the financial statements (continued)
Year ended 30 June 2011

11. Profit and loss account

	Profit and loss account £'000
At 1 July 2010	(2,116)
Loss for the year	(49)
Capital contribution	2,843
At 30 June 2011	678

12 Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Loss for the year	(49)	(70)
Capital contribution	2,843	-
Dividends received	-	30
Net increase/(decrease) in shareholders' funds	2,794	(40)
Opening shareholders' deficit	(2,106)	(2,066)
Closing shareholders' funds/(deficit)	688	(2,106)

13. Related party transactions

As a subsidiary undertaking of Interior Services Group plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing the transactions with other members of the group headed by Interior Services Group plc There are no other related party transactions requiring disclosure

14. Ultimate parent company

The immediate parent undertaking is Propencity Limited

The directors regard Interior Services Group plc, a company incorporated in England and Wales, as the ultimate parent undertaking and ultimate controlling party

The smallest and largest group to which these financial statements are consolidated is Interior Services Group plc Copies of the financial statements of Interior Services Group plc are available from the Company Secretary, Aldgate House, 33 Aldgate High Street, London EC3N 1AG