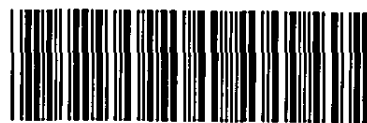


(Registered Number 2305636)

**IVG Development (UK) Limited**  
**Annual Report & Audited Financial Statements**  
**Year ended 31 December 2010**

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**IVG Development (UK) Limited**  
**Annual Report & Audited Financial Statements**  
**Year ended 31 December 2010**

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# **IVG Development (UK) Limited**

## **Directors' Report**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2010

### **Principal activity, review of the business and future developments**

The principal activity of the company during the year was the holding of property in central London for commercial letting. On 2 December 2010, the investment property was sold for £42.5m, realising a net profit of £3.67m.

On 1 September 2010 the contracts of employment of all staff within the company were transferred to IVG (UK) Limited.

### **Results and dividends**

The loss for the year after taxation amounted to £5,681,070 (2009 profit of £5,406,852) and has been transferred to reserves. No dividends were paid during the year (2009: £nil).

### **Directors**

The following directors served during the year:

Mr D Gibson  
Mr M Mason

### **Statement of information provided to auditors**

Each of the directors has confirmed that:

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

The directors' report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board



**D Gibson**  
Director

## **IVG Development (UK) Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 estimates that are reasonable and prudent,
- state whether applicable 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 IVG Development (UK) Limited**

We have audited the financial statements of IVG Development (UK) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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 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 and audited financial statements 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 31 December 2010 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 small companies exemptions in preparing the directors' report.

PKF (UK) LLP

Stuart Collins (Senior statutory auditor)  
for and on behalf of PKF (UK) LLP, Statutory auditor  
London, UK

18 March 2011

**IVG Development (UK) Limited**  
**Profit and Loss Account**  
**Year ended 31 December 2010**

	Notes	2010 £	2009 £
Turnover	1(c)	1,856,066	2,311,190
Other operating income		(48,978)	1,108,068
		<u>1,807,088</u>	<u>3,419,258</u>
Operating costs		(992,158)	(936,792)
Administrative expenses		(1,461,381)	(2,007,673)
		<u>(2,453,539)</u>	<u>(3,944,465)</u>
<b>Operating (loss)/profit</b>	2	<b>(646,451)</b>	474,793
Amounts written(off)/ back to investments	10	(8,504,184)	4,252,077
Profit on disposal of investment property	2	3,666,962	-
		<u>(4,837,222)</u>	<u>4,252,077</u>
<b>(Loss)/profit on ordinary activities before interest</b>		<b>(5,483,673)</b>	4,726,870
Interest receivable and similar items	6	144,139	6,411,103
Interest payable and similar charges	7	(820,536)	(5,668,121)
		<u>(676,397)</u>	<u>(257,018)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(6,160,070)</b>	5,469,852
Taxation	8 (a)	479,000	(63,000)
		<u>479,000</u>	<u>(63,000)</u>
<b>(Loss)/profit for the year</b>	16	<b>(5,681,070)</b>	5,406,852

All amounts relate to continuing operations

**IVG Development (UK) Limited**  
**Statement of Total Recognised Gains and Losses**  
**Year ended 31 December 2010**

		<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
(Loss)/profit for the year	16	<b>(5,681,070)</b>	5,406,852
Unrealised surplus on revaluation of investment properties	15	-	70,657
		<hr/>	<hr/>
Total recognised (losses)/gains relating to the year		<b>(5,681,070)</b>	5,477,509
		<hr/>	<hr/>

**IVG Development (UK) Limited**  
Registered Number 2305636  
**Balance Sheet**  
**31 December 2010**

	Notes	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Tangible assets	9		-		37,827,409
Investments	10		<b>32,449,713</b>		32,253,897
			<hr/>		<hr/>
			<b>32,449,713</b>		70,081,306
<b>Current assets</b>					
Debtors	11	<b>36,168,399</b>		4,293,558	
Cash at bank and in hand		<b>89,942</b>		500,648	
		<hr/>		<hr/>	
		<b>36,258,341</b>		4,794,206	
<b>Creditors</b>					
Amounts falling due within one year	12	<b>(707,660)</b>		(1,503,666)	
		<hr/>		<hr/>	
<b>Net current assets</b>			<b>35,550,681</b>		3,290,540
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>68,000,394</b>		73,371,846
			<hr/>		<hr/>
<b>Creditors</b>					
Amounts falling due after more than one year	12		<b>(14,494,102)</b>		(13,705,484)
<b>Provisions</b>					
Deferred taxation	13		-		(479,000)
			<hr/>		<hr/>
			<b>53,506,292</b>		59,187,362
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		<b>41,475,000</b>		41,475,000
Revaluation reserve	15		-		12,077,118
Profit and loss account	16		<b>12,031,292</b>		5,635,244
			<hr/>		<hr/>
<b>Shareholder's funds</b>	17		<b>53,506,292</b>		59,187,362
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
17 March 2011 2011



**D Gibson**  
Director



**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

**1 Accounting policies**

**(a) Basis of accounting and basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of investment property

The company has considerable financial resources and the directors believe that it is well placed to manage its risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

**(b) Consolidated financial statements**

The company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These accounts therefore prepare information about the company as an individual undertaking and not about its group

**(c) Turnover**

Turnover represents rents received from tenants, net of value added tax. All turnover is generated from within the United Kingdom

**(d) Investment property**

All costs associated with the acquisition and construction of investment property, net of incidental receipts and including interest payable on loans taken out to finance the project, are capitalised. Capitalisation of interest finishes at the date of practical completion, while expenses continue to be capitalised where appropriate after this date. Properties under construction are retained at cost until the date of practical completion and subsequently revalued at the next balance sheet date

In accordance with Statement of Standard Accounting Practice No. 19 (SSAP 19), investment property is stated in the balance sheet at open market value. Revaluation surpluses and deficits are taken to a revaluation reserve except to the extent that they represent reversals of deficits previously recognised through the profit and loss account

Also in accordance with SSAP 19 no depreciation is provided in respect of investment property. This is a departure from the requirement of the Companies Act 2006 which requires all assets having a limited useful economic life to be depreciated. The directors consider this treatment necessary in order to show a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which would otherwise have been shown cannot be separately quantified

**(e) Investments**

Fixed asset investments are shown at cost less provision for impairment

**(f) Tangible fixed assets**

Other tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows

Fixtures, fittings and equipment      -      25%

**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

**1 Accounting policies (continued)**

**(g) Taxation**

Corporation tax payable is provided on taxable profits at the current rate

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

**(h) Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated to sterling at the rate prevailing at the balance sheet date. Transactions in foreign currencies are converted at the rate prevailing at the date of the transaction. All exchange gains and losses are taken to the profit and loss account.

**(i) Operating leases**

Charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreement as incurred.

**(j) Pension contributions**

The company makes contributions into personal pension plans, which are charged to the profit and loss account as they arise.

**(k) Operating lease incentives**

In accordance with UITF 28 rent receivable in the period, from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is spread evenly over that period. The cost of other incentives is spread on a straight-line basis over a similar period. Unamortised amounts are included in other debtors.

UITF 28 also requires that the carrying value of investment properties reported in the balance sheet should not include any amount that is reported as a separate asset. Any amounts reported as a separate asset are excluded from the carrying value of investment properties.

**(l) Related party transactions**

The company has taken advantage of the exemptions in FRS 8 'Related Party Disclosures' not to disclose transactions or balances with other group undertakings.

**2 Operating (loss)/profit**

	2010 £	2009 £
The operating (loss)/profit is stated after charging		
Depreciation	250,291	164,220
Operating lease rentals in respect of land and buildings	132,710	125,295
	<hr/>	<hr/>

Exceptional item: On 2 December 2010 the company sold its investment property for £42.5m, realising a profit of £3.67m.

**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

**3 Auditors' remuneration**

Fees paid to the company's auditors during the year were as follows

	2010 £	2009 £
Audit fees	23,500	20,000
Taxation services	74,597	78,015
Company secretarial	960	1,020
	<u>99,057</u>	<u>99,035</u>

**4 Staff costs and numbers**

	2010 £	2009 £
Staff costs, including directors were		
Wages and salaries	488,442	598,527
Social security costs	69,171	91,254
Pension contributions	27,535	37,224
	<u>585,148</u>	<u>727,005</u>

	Number	Number
Average monthly number of persons employed during the year		
Administration	<u>7</u>	<u>7</u>

**5 Directors' remuneration**

	2010 £	2009 £
Emoluments	290,934	350,550
Contributions to personal pension scheme	10,220	13,222
	<u>301,154</u>	<u>363,772</u>
Emoluments of highest paid director		
Total emoluments	156,433	178,750
Contributions to personal pension scheme	5,367	6,958
	<u>161,800</u>	<u>185,708</u>

Contributions were made into personal pension schemes for 2 directors (2009 2)

**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

**6 Interest receivable and similar items**

	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
Group interest	<b>143,323</b>	6,405,160
Bank interest	<b>816</b>	5,943
	<hr/> <b>144,139</b> <hr/>	<hr/> <b>6,411,103</b> <hr/>

**7 Interest payable and similar charges**

	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
Group interest	<b>820,536</b>	5,667,047
Other interest	<b>-</b>	1,074
	<hr/> <b>820,536</b> <hr/>	<hr/> <b>5,668,121</b> <hr/>

**8 Taxation**

	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
<b>(a) Analysis of tax charge for year</b>		
Current tax	-	-
Corporation tax	-	-
	<hr/>	<hr/>
Total current tax (note 8(b))	-	-
Deferred taxation (note 13)		
Origination and reversal of timing differences	<b>(479,000)</b>	63,000
	<hr/>	<hr/>
Tax on profit on ordinary activities	<b>(479,000)</b>	63,000
	<hr/> <hr/>	<hr/> <hr/>

**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

**8 Taxation (continued)**

**(b) Reconciliation of current year tax charge**

	2010 £	2009 £
(Loss)/profit on ordinary activities before tax	<u>(6,160,070)</u>	<u>5,469,852</u>
(Loss)/profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2009 28%)	<u>(1,724,820)</u>	<u>1,531,559</u>
Effects of		
Expenses not deductible for tax purposes	1,360,332	85,333
Capital allowances in excess of depreciation	(135,095)	(23,674)
Group relief surrendered/(utilised)	499,583	(95,465)
Losses brought forward	-	(307,171)
Non taxable income	-	(1,190,582)
	<u>-</u>	<u>-</u>
Current tax charge for the year (note 8(a))	<u>-</u>	<u>-</u>

The company has a potential deferred tax asset of £296,201, which has not been recognised, in respect of management expenses carried forward available for offset against future non-trading profits

**9 Tangible fixed assets**

	Long leasehold investment properties £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2010	37,577,118	656,882	38,234,000
Disposals	(37,577,118)	(656,882)	(38,234,000)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	-	-	-
<b>Depreciation</b>			
At 1 January 2010	-	406,591	406,591
Charge for the year	-	250,291	250,291
Disposals	-	(656,882)	(656,882)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	-	-	-
<b>Net book amounts</b>			
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2009	<u>37,577,118</u>	<u>250,291</u>	<u>37,827,409</u>

**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

**10 Investments**

	<b>Investment in subsidiaries £</b>
At 1 January 2010	32,253,897
Additions	8,700,000
Impairments	(8,504,184)
	<hr/>
At 31 December 2010	<b>32,449,713</b>
	<hr/>

At 31 December 2010 the company owned directly, the entire share capital of the following subsidiaries, all of which are registered in England and Wales

	<b>Proportion and class of shares held</b>	<b>Profit for the year ended 31 December 2010 £</b>	<b>Capital and reserves at 31 December 2010 £</b>
Brooksav Limited - dormant	100% of ordinary shares	-	2
IVG Asticus (Caxton) Limited - property investment	100% of ordinary shares	850,207	13,566,102
IVG Developments (Broadway) Ltd - property development	100% of ordinary shares	2,395,952	18,753,877
IVG Developments (Euston) Ltd - property development	100% of ordinary shares	1,659,111	60,371
IVG Developments (Melton St) Ltd - property development	100% of ordinary shares	640,777	69,357
		<hr/>	<hr/>

The provision for impairment made against the investment in IVG Developments (Broadway) Limited has been increased by £1,006,085 to reflect the net asset position of that subsidiary at 31 December 2010

The provision for impairment made against the investment in IVG Asticus (Caxton) Limited in the year has been partially released by £850,207 to reflect the net asset position of that subsidiary at 31 December 2010

The investments in IVG Developments (Euston) Limited and IVG Developments (Melton St) Limited were increased by £1,100,000 and £7,600,000 respectively, and subsequently written down by £1,039,627 and £7,530,641 respectively to reflect the net asset position of each subsidiary

**11 Debtors**

	<b>2010 £</b>	<b>2009 £</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	43,677	762,053
Amounts due from group undertakings	35,202,776	2,647,547
Other debtors	571,946	721,735
Prepayments and accrued income	-	162,223
Corporation tax debtor	350,000	-
	<hr/>	<hr/>
	<b>36,168,399</b>	<b>4,293,558</b>
	<hr/>	<hr/>

**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

<b>12</b>	<b>Creditors</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>		
	Trade creditors	266,880	304,899
	Amounts due to subsidiary undertakings	165,429	-
	Other creditors including taxation and social security	54,782	429,406
	Accruals and deferred income	220,569	769,361
		<u>707,660</u>	<u>1,503,666</u>
	<b>Amounts falling due after more than one year:</b>		
	Amounts due to subsidiary undertakings	<u>14,494,102</u>	<u>13,705,484</u>
<b>13</b>	<b>Deferred taxation</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	At 1 January 2010	479,000	416,000
	Charge for the year	-	63,000
	Release in the year	(479,000)	-
		<u>-</u>	<u>479,000</u>
	At 31 December 2010	-	479,000
	The deferred tax balance comprises the following, provided at 28% (2009 28%) where appropriate		
	Accelerated capital allowances	-	479,000
<b>14</b>	<b>Called up share capital</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Allotted, issued and fully paid</b>		
	41,475,000 (2009 41,475,000) ordinary shares of £1 each	<u>41,475,000</u>	<u>41,475,000</u>
<b>15</b>	<b>Revaluation reserve</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	At 1 January 2010	12,077,118	12,006,461
	Revaluations	-	70,657
	Transfer to profit and loss reserve	(12,077,118)	-
		<u>-</u>	<u>12,077,118</u>
	At 31 December 2010	-	12,077,118

**IVG Development (UK) Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2010**

**16 Profit and loss account**

	2010 £	2009 £
At 1 January 2010	5,635,244	228,392
(Loss)/profit for the year	(5,681,070)	5,406,852
Transfer from revaluation reserve	12,077,118	-
	<u>12,031,292</u>	<u>5,635,244</u>
At 31 December 2010	<u>12,031,292</u>	<u>5,635,244</u>

No dividends were paid during the year (2009 £nil)

**17 Reconciliation of movements in shareholder's funds**

	2010 £	2009 £
At 1 January 2010	59,187,362	53,709,853
(Loss)/profit for the year	(5,681,070)	5,406,852
Revaluations	-	70,657
	<u>53,506,292</u>	<u>59,187,362</u>
At 31 December 2010	<u>53,506,292</u>	<u>59,187,362</u>

**18 Financial commitments**

Annual commitments under non-cancellable operating leases are as follows

	2010 £	2009 £
Expiry date		
Between one and two years	-	125,295
	<u>-</u>	<u>125,295</u>

**19 Ultimate parent company and controlling party**

The company's immediate parent company is IVG Developments (London & UK) Limited, a company incorporated in England and Wales. IVG Immobilien AG, incorporated in Germany, is regarded by the directors as the ultimate parent company and controlling party and is the parent undertaking of the largest and smallest group for which group accounts are prepared. Group accounts of IVG Immobilien AG are available to the public from Zanderstr 5, D-53177 Bonn, Germany.