

G. House

Registered number
4329790

Industrial Securities Group Limited
Directors' Report and Consolidated Accounts
for the year ended 31 December 2009

MONDAY



LD4 *LBUXSQV0* 66
17/01/2011
COMPANIES HOUSE

Industrial Securities Group Limited
Directors' report and consolidated accounts
Contents

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditors' report to the members of Industrial Securities Group Limited	4 - 5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes	10 - 20

Industrial Securities Group Limited

Directors' report

The directors present their annual report and the audited financial statements of the company and its subsidiaries for the year ended 31 December 2009

Principal activities

The group's principal activities during the year continued to be property management and investment.

Results and dividends

The group's loss for the year before taxation amounted to £5,210,255 (2008 Loss (£12,194,946) and this was transferred to reserves

The directors do not recommend payment of a final dividend

Review of the business and future developments

The directors consider the level of business and the financial position at the year end to be disappointing. The group had undertaken tax planning arrangements in prior years, which have subsequently been challenged by H M Revenue & Customs. This is expected to give rise to a potential tax liability and interest charge of £6,439,224 should the outcome be adverse, and therefore full provision of this amount has been made in the accounts for the year to 31 December 2009.

The principal risks facing a property management company are

- 1) A rise in recovery levels
- 2) Late payment of management fees

The directors will continue to ensure that it manages its cashflow and costs in this uncertain market.

Key performance indicators (KPI)

The directors are of the opinion that given the nature of this business, KPI's are not necessary

Financial instruments

The group's principal financial instruments comprise bank balances, loans to related companies, other debtors, other creditors and bank loans. These instruments finance the group's operations. The bank loans and overdrafts facilities are secured by charges over the group's assets. Loans to related companies and other debtors are managed in respect of credit and cash flow by regular monitoring. Other creditors' liquidity risk is managed by assuring sufficient funds are available to meet amounts due.

Directors

The directors who served during the year were as follows

T S Cole

N W Lax

M N Steinberg

Industrial Securities Group Limited
Directors' report

Political and charitable donations

During the year, the company made no charitable contributions and no donations were made to political parties

Policy and practice on payment of creditors

The group's policy is to pay suppliers by the due date specific to each transaction. At 31 December 2009 the group had 2 days (2008: 10 days) purchases outstanding and the company had 5 days (2008: nil days) purchases outstanding.

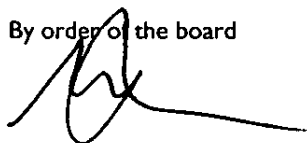
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of the relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint J B Klein & Partners as auditors will be put to the members at the Annual General Meeting.

By order of the board



M N Steinberg
Secretary

10 Upper Berkeley Street
London
W1H 7PE

14 JAN 2011

Industrial Securities Group Limited

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. 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). In preparing those 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,
- 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 and group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

**Independent auditors' report
to the members of Industrial Securities Group Limited**

We have audited the financial statements of Industrial Securities Group Limited which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement 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 shareholders, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1 and 2, 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 (APB'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 Group's and the company's circumstances and have been consistently applied and adequately disclosed, and the overall presentation of the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company affairs as at 31 December 2009 and of the Group's 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.

Fundamental Uncertainty - Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements, concerning the possible outcome of the tax planning case against HM Revenue & Customs. The future settlement could result in substantial additional liabilities which would have a serious impact on the continuity of the business. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements include full provision for these additional liabilities.

Details of the circumstances relating to this fundamental uncertainty are described in Note 19. Our opinion is not qualified in this respect.

**Independent auditors' report
to the members of Industrial Securities Group Limited (continued)**


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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
- we have not received all the information and explanations we require for your audit.



Raju Patel (Senior Statutory Auditor)

For and on behalf of

JB Klein & Partners

Chartered Certified Accountants and Statutory Auditors

3rd Floor

10 Argyll Street

London

W1F 7TQ

14 JAN 2011

Industrial Securities Group Limited
Consolidated profit and loss account
for the year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover: Group and share of joint ventures	2	2,529,576	2,710,305
Group Turnover		<u>2,529,576</u>	<u>2,710,305</u>
Cost of sales	3	-	(110,596)
Gross profit		<u>2,529,576</u>	<u>2,599,709</u>
Administrative expenses		(2,305,871)	(3,971,512)
Exceptional item	5	(3,958,758)	(12,053,047)
Group operating loss		<u>(3,735,053)</u>	<u>(13,424,850)</u>
Bank interest receivable and similar income		19,460	1,433,897
Interest payable and similar charges	6	(1,494,662)	(342,493)
Contributions from/(due to) joint venturers		-	138,500
Loss on ordinary activities before taxation	7	<u>(5,210,255)</u>	<u>(12,194,946)</u>
Tax on loss on ordinary activities	8	(5,292,712)	643
Loss on ordinary activities after taxation		<u>(10,502,967)</u>	<u>(12,194,303)</u>
Minority interest		689	(10,818)
Loss for the financial year	15	<u><u>(10,502,278)</u></u>	<u><u>(12,205,121)</u></u>

All the above amounts relate to continuing activities

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two financial years

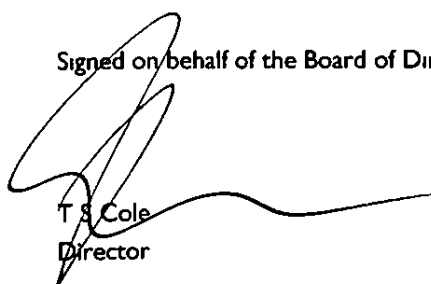
The notes on pages 10 - 20 form part of these financial statements

Industrial Securities Group Limited
Consolidated balance sheet
as at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Intangible assets	9	1,815	2,421
Tangible assets	10	75,210	89,869
		<u>77,025</u>	<u>92,290</u>
Current assets			
Debtors amounts falling due within one year	12	2,220,376	6,789,991
Cash at bank and in hand		502,000	144,104
		<u>2,722,376</u>	<u>6,934,095</u>
Creditors: amounts falling due within one year	13	(13,274,333)	(6,998,352)
Net current liabilities		<u>(10,551,957)</u>	<u>(64,257)</u>
Total assets less current liabilities		<u>(10,474,932)</u>	<u>28,033</u>
Equity minority Interest		9,890	9,203
Net assets		<u>(10,465,042)</u>	<u>37,236</u>
Capital and reserves			
Called up share capital	14	11,897,504	11,897,504
Other reserves	15	965,834	965,834
Profit and loss account	15	(23,328,380)	(12,826,102)
Equity shareholders funds	16	<u>(10,465,042)</u>	<u>37,236</u>

These financial statements were approved by the Board of Directors on **14 JAN 2011**

Signed on behalf of the Board of Directors


T S Cole
Director


M N Steinberg
Director

The notes on pages 10 - 20 form part of these financial statements

14 JAN 2011

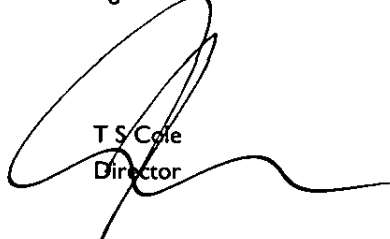
Company Registration number 4329790

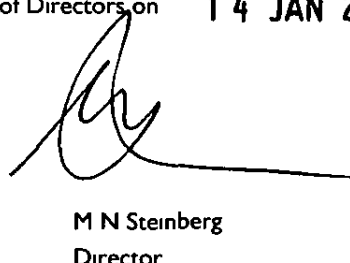
Industrial Securities Group Limited
Company balance sheet
as at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	11	21,490	26,490
Current assets			
Debtors amounts falling due within one year	12	8,439,506	12,767,554
Cash at bank and in hand		<u>13,569</u>	<u>14,742</u>
		8,453,075	12,782,296
Creditors: amounts falling due within one year	13	<u>(9,578,263)</u>	<u>(9,634,947)</u>
Net current assets		(1,125,188)	3,147,349
Net assets		<u>(1,103,698)</u>	<u>3,173,839</u>
Capital and reserves			
Called up share capital	14	11,897,504	11,897,504
Other reserves	15	965,834	965,834
Profit and loss account	15	(13,967,036)	(9,689,499)
Equity shareholders funds	16	<u>(1,103,698)</u>	<u>3,173,839</u>

These financial statements were approved by the Board of Directors on **14 JAN 2011**

Signed on behalf of the Board of Directors


T S Cole
Director


M N Steinberg
Director

Company registration number 04329790

The notes on pages 10 - 20 form part of these financial statements

Industrial Securities Group Limited
Consolidated cash flow statement
for the year ended 31 December 2009

	Notes	2009	2008
		£	£
Reconciliation of operating profit to net cash inflow from operating activities			
Operating loss		(3,735,053)	(13,424,850)
Depreciation charges		12,164	13,291
Amortisation of goodwill		606	606
Decrease in debtors		4,569,615	11,697,768
Increase/(decrease) in creditors		1,063,574	(520,742)
(Increase)/decrease in minority interests		(687)	7,759
Net cash inflow from operating activities		1,910,219	(2,226,168)
CASH FLOW STATEMENT			
Net cash inflow from operating activities		1,910,219	(2,226,168)
Dividend received	17	-	138,500
Returns on investments and servicing of finance	17	(1,475,202)	1,091,404
Taxation	17	(3,342)	(539,731)
Capital expenditure	17	2,495	(30,217)
		434,170	(1,566,212)
Equity dividends paid		-	-
Cash outflow before use of liquid resources and financing		434,170	(1,566,212)
Financing	17	-	-
Increase/(decrease) in Cash		434,170	(1,566,212)
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		434,170	(1,566,212)
Decrease/(increase) in debt and lease financing		-	-
Change in net debt	18	434,170	(1,566,212)
Net debt at 1 January		(4,742,925)	(3,176,713)
Net debt at 31 December		(4,308,755)	(4,742,925)

The notes on pages 10 - 20 form part of these financial statements

Industrial Securities Group Limited

Notes

I Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements except as noted below. The Group has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements.

Accounting convention

The financial statements have been prepared under the historical cost accounting rules, modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidated accounts

The consolidated financial statements of the Group incorporate the assets and liabilities of the Company and its subsidiary undertakings and the results for the period when they were part of the Group. Results of subsidiary companies acquired during the period are included from the date of acquisition. Results of subsidiary companies disposed of during the period are included up to the date of disposal.

Company accounts

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account is not presented for the Company. The Company's retained loss for the period is disclosed in note 15.

Properties

Investment properties and properties in the course of development for investment purposes are included in the balance sheet at their open market value at the balance sheet date on the basis of an annual professional valuation. Aggregate surpluses or deficits arising on valuation are transferred to a revaluation reserve. Impairment in the value of properties to below their carrying values are charged directly to the profit and loss account.

Additions to investment properties include only costs of a capital nature and certain refurbishment expenditure. Costs such as interest and other property outgoings are treated as revenue expenditure and written off as incurred.

Additions to development properties include the cost of finance charges gross of taxation less any income attributable to the property. For this purpose, the interest rate is either the actual rate payable on specific borrowings to fund the project or, if financed out of general funds, the average interest payable on borrowings in the year, excluding the debenture which funds investment properties.

Development properties are treated as complete and are transferred to investment properties at the earliest of

- a the date when income exceeds outgoings, other than development costs,
- b the date when the property is substantially let and income producing, or
- c the practical completion

Industrial Securities Group Limited

Notes

Properties (continued)

In accordance with SSAP 19 (as amended) no depreciation or amortisation is provided in respect of freehold and leasehold investment properties. This treatment, as regards certain of the Group's investment properties, is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accountancy policy adopted is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in annual valuation, and the amount which might otherwise be shown, cannot be separately identified or quantified.

Turnover

Turnover represents sale proceeds of trading and other properties, management fees and rents receivable during the period (all excluding value added tax).

Recognition of profits

Purchases and sales of properties are accounted for as follows:

Investment properties	upon exchange of unconditional contracts
Trading properties	upon completion of contracts,
Ground rents and similar interest	upon receipt of cash

Depreciation

Depreciation is calculated as to write off the cost less estimated residual value of fixtures, fittings and equipment by equal instalments over their estimated useful life of 5 years. No depreciation is provided on long leasehold or freehold properties.

Deferred taxation

As explained above, the Group has adopted the provisions of accounting standard FRS 19 'Deferred tax'. As a result deferred tax is now provided in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future, except that:

a. a provision is not made in respect of property revaluation surpluses unless an unconditional sales agreement has been signed and rollover relief is not available to cover any gain arising, and

b. deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the relevant timing differences can be deducted.

Deferred tax is measured on a non discounted basis at the tax rates which apply at the balance sheet date.

Goodwill

Goodwill arising on consolidation is written off in equal instalments over 10 years.

Financing and Going Concern

The company is negotiating the renewal of its bank financing which involved cross guarantees.

Industrial Securities Group Limited
Notes

2 Turnover	2009	2008
	£	£
Fees receivable	2,529,576	2,710,305
	<u>2,529,576</u>	<u>2,710,305</u>

All activity is carried out within the European Union

3 Cost of Sales	2009	2008
	£	£
Direct property costs and property management fees	-	110,596
	<u>-</u>	<u>110,596</u>

4 Staff costs	2009	2008
	£	£
Wages and salaries	270,540	418,893
Directors' emoluments	87,975	586,471
Social security costs (including directors)	<u>43,562</u>	<u>123,333</u>

	2009	2008
	Number	Number
Directors' emoluments, excluding pension contributions, fell within the following ranges		
£85,001 - £90,000	1	1
£245,001 - £250,000	<u>-</u>	<u>2</u>

5 Exceptional item	2009	2008
	£	£
Bad debts	3,958,758	12,053,047
	<u>3,958,758</u>	<u>12,053,047</u>

Due to the problems in the property market, the company has had to make substantial provisions for irrecoverable amounts due from related companies

6 Interest payable	2009	2008
	£	£
Bank loans and overdrafts - Group	327,469	342,493
Potential tax liability	<u>1,167,193</u>	<u>-</u>
	<u>1,494,662</u>	<u>342,493</u>

Industrial Securities Group Limited
Notes

7 Notes to the profit and loss account

	2009	2008
	£	£
(Loss) on ordinary activities before taxation is stated after charging		
Depreciation	12,164	13,291
Auditors' remuneration for audit services	30,000	30,000

8 Taxation	2009	2008
	£	£
Taxation based on (loss) for the year		
UK corporation tax at 29% (2008 29%)	(1,510,974)	(3,536,534)
Adjustment in respect of prior years	5,292,712	(643)
Expenses disallowed	1,510,974	3,518,522
Surplus management expenses carried/ (brought) forward	-	18,012
Total corporation tax and similar taxes	5,292,712	(643)

9 Intangible fixed assets

	2009
Group	£
At 1 January 2008	2,421
Amortisation	(606)
At 31 December 2009	1,815

Industrial Securities Group Limited
Notes

10 Tangible fixed assets

Group

	Plant and machinery	Total
	£	£
Cost or valuation		
At 1 January 2009	122,117	122,117
Additions	3,960	3,960
Exchange difference	(8,573)	(8,573)
At 31 December 2009	<u>117,504</u>	<u>117,504</u>
Depreciation:		
At 1 January 2009	32,248	32,248
Charge for the year	12,164	12,164
Exchange difference	(2,118)	(2,118)
At 31 December 2009	<u>42,294</u>	<u>42,294</u>
Net book value		
At 31 December 2009	<u>75,210</u>	<u>75,210</u>
At 31 December 2008	<u>89,869</u>	<u>89,869</u>

11 Investments

Company

	Investments in subsidiary undertakings	Total
	£	£
Cost		
At 1 January 2009	15,333,978	15,333,978
At 31 December 2009	<u>15,333,978</u>	<u>15,333,978</u>
Provision for diminution in value/disposals		
At 1 January 2009	(15,307,488)	(15,307,488)
Provided in year	(5,000)	(5,000)
At 31 December 2009	<u>(15,312,488)</u>	<u>(15,312,488)</u>
Book value		
At 31 December 2009	<u>21,490</u>	<u>21,490</u>
At 31 December 2008	<u>26,490</u>	<u>26,490</u>

Industrial Securities Group Limited

Notes

11 Investments (continued)

Principal Subsidiary Companies

	Shares held	
	Class	%
Industrial Securities (Chadderton) Limited	Ordinary	100
Industrial Securities (CLG) Limited	Ordinary	100
Cinnamon Limited	Ordinary	90
Industrial Securities (Developments) Limited	Ordinary	100
Industrial Securities (Holdings One) Limited	Ordinary	90
Industrial Securities (Holdings Two) Limited	Ordinary	90
Industrial Securities (Investments) Limited	Ordinary	100
Industrial Securities Limited	Ordinary	90
Industrial Securities (Interchange East) Limited	Ordinary	90
Industrial Securities (Management) Limited	Ordinary	100
Industrial Securities (Number One) Limited	Ordinary	90
Industrial Securities (Number Two) Limited	Ordinary	90
Industrial Securities (Number Three) Limited	Ordinary	90
Industrial Securities (Properties) Limited	Ordinary	90
Industrial Securities (Ventures) Limited	Ordinary	100
ISB Holdings Limited	Ordinary	100
Ever 1981 Limited	Ordinary	100
Ever 1982 Limited	Ordinary	100
IS Management France SA	Ordinary	90

All subsidiary companies except Cinnamon Limited and IS Management France SA are registered in England and Wales. All companies are included in the consolidated accounts. Cinnamon Limited is registered in Jersey. IS Management France SA is registered in France.

Ever 1981 Limited and Ever 1982 Limited are equal partners in IS Wynyard LLP.

All companies are engaged in property investment, management and development in the United Kingdom and European Union.

Industrial Securities Group Limited**Notes****12 Debtors: amounts falling due within one year**

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	156,446	349,654	-	-
Other debtors	2,063,930	6,440,337	1,682,127	5,980,533
Amounts owed from group undertakings	-	-	6,757,379	6,787,021
	<u>2,220,376</u>	<u>6,789,991</u>	<u>8,439,506</u>	<u>12,767,554</u>

Included in other debtors Group and Company amounts is a balance of £898,000 which will not be repayable for at least 5 years

13 Creditors: amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	4,810,755	4,887,029	4,772,126	4,753,259
Trade creditors	(2,222)	15,915	2,008	-
Amounts owed to group undertakings	632,607	631,488	3,810,663	3,814,105
Corporation tax	6,489,224	33,350	50,000	50,000
Shareholder loans	850,000	850,000	850,000	850,000
Other creditors including taxation and social security	325,455	350,928	27,466	29,481
Accruals and deferred income	168,514	229,642	66,000	138,102
	<u>13,274,333</u>	<u>6,998,352</u>	<u>9,578,263</u>	<u>9,634,947</u>

The parent company and its subsidiaries' bank loans and overdrafts at Bank of Scotland are secured by way of a debenture

Industrial Securities Group Limited
Notes

14 Share capital

	2009	2008
	£	£
Authorised		
18,500,000 Ordinary A shares of 75p each	13,875,000	13,875,000
1,000,000 Ordinary B shares of 75p each	750,000	750,000
500,000 Ordinary C share of 75p each	375,000	375,000
	<u>15,000,000</u>	<u>15,000,000</u>

	2009	2008
	£	£
Allotted, called up and fully paid		
Ordinary A shares of 75p each	10,993,693	10,993,693
Ordinary B shares of 75p each	528,811	528,811
Ordinary C shares of 75p each	375,000	375,000
	<u>11,897,504</u>	<u>11,897,504</u>

A Special Resolution requiring a 75% shareholder majority is required before the directors can or will issue authorised but unissued shares

Industrial Securities Group Limited
Notes

15 Reserves

Group	Other reserves		Profit and loss account	
	2009	2008	2009	2008
	£	£	£	£
At 1 January	965,834	965,834	(12,826,102)	(620,981)
(Loss) for the year		-	(10,502,278)	(12,205,121)
At 31 December	<u>965,834</u>	<u>965,834</u>	<u>(23,328,380)</u>	<u>(12,826,102)</u>

Company	Other reserves		Profit and loss account	
	2009	2008	2009	2008
	£	£	£	£
At 1 January	965,834	965,834	(9,689,499)	1,246,244
(Loss) for the year	-	-	(4,277,537)	(10,935,743)
At 31 December	<u>965,834</u>	<u>965,834</u>	<u>(13,967,036)</u>	<u>(9,689,499)</u>

16 Reconciliation of movement in shareholders' funds

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
At 1 January	37,236	12,242,357	3,173,839	14,109,582
(Loss) for the year	(10,502,278)	(12,205,121)	(4,277,537)	(10,935,743)
At 31 December	<u>(10,465,042)</u>	<u>37,236</u>	<u>(1,103,698)</u>	<u>3,173,839</u>

Industrial Securities Group Limited
Notes

17 Gross cash flows	2009	2008
	£	£
Returns on investments and servicing of finance		
Interest received	19,460	1,433,897
Bank and loan interest payable	(654,938)	(342,493)
	<u>(635,478)</u>	<u>1,091,404</u>
Taxation	<u>(3,342)</u>	<u>(539,731)</u>
Dividend received	<u>-</u>	<u>138,500</u>
Capital expenditure	2009	2008
	£	£
Exchange differences	6,455	(25,075)
Payments to acquire tangible fixed assets	(3,960)	(5,142)
	<u>2,495</u>	<u>(30,217)</u>

18 Analysis of changes in net debt

	At 1 January 2008	Cash flows	Other non cash changes	At 31 December 2009
	£	£	£	£
Cash at bank and in hand	144,104	357,896	-	502,000
Overdrafts	-	-	-	-
		<u>357,896</u>		
Debt due within 1 year	(4,887,029)	76,274	-	(4,810,755)
Debt due after 1 year	-	-	-	-
Finance leases	-	-	-	-
		<u>76,274</u>		
Total	(4,742,925)	434,170	-	(4,308,755)

Industrial Securities Group Limited

Notes

19 Contingent liabilities and guarantees

Industrial Securities (Chadderton) Limited has provided an environmental guarantee in respect of a joint venture transaction

The group has undertaken tax planning arrangements which have been challenged by HM Revenue & Customs. The expert advice received to date indicates that the outcome should be in the group's favour. However, if the final outcome is adverse, the group could have a potential corporation tax liability of £6,439,224. This has been fully provided for in the accounts to 31 December 2009.

20 Related parties

The following related party transactions were entered into by the Group during the year

1 Management fees of £459,811 (2008 £458,599) were paid to Marcol International Asset Management Limited (formerly Marcol Management Limited). M N Steinberg and T S Cole are directors and shareholders of Marcol International Asset Management Limited.

2 The following amounts were due from related parties at the year end

	2009	2008
	£	£
IS Eurologistics Fund SARL	-	4,211,407
Industrial Securities Europe SA	-	87,000
City & General No 1 Limited	898,000	898,000

During the year, a provision for bad and doubtful debts was made on loans to related parties, as follows

	2009	2008
	£	£
IS Eurologistics Fund SARL	3,896,615	10,829,332
Industrial Securities Europe SA	87,000	223,715
ICOM Limited - bad debt	-	1,000,000

The directors, M N Steinberg and T S Cole, are directors and shareholders of City & General No 1 Limited.

A major shareholder of the company, S A Lawrence, is a director of IS Eurologistics Funds SARL, Industrial Securities Europe SA and ICOM Limited.

IS Eurologistics Fund SARL and Industrial Securities Europe SA are companies registered in Luxembourg. All the other companies above are registered in the United Kingdom.