

# **IVG Developments (Euston) Limited**

## **Annual Report and Audited Financial Statements**

**Year ended 31 December 2008**



**IVG Developments (Euston) Limited**  
**Annual Report and Audited Financial Statements**  
**Year ended 31 December 2008**

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# IVG Developments (Euston) Limited

## Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2008.

### Principal activity and review of the business

The principal activity of the company is that of property development. It acquired a property in central London for development and sale in June 2007.

### Results and dividends

The loss for the year after taxation amounted to £14,239,956 (2007 profit: £35,572) which has been transferred to reserves. The directors do not recommend the payment of a dividend for the year.

### Directors

The directors who served during the year were as follows:

Mr D Gibson  
Mr A Okunola (resigned 19 December 2008)  
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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board on

1 July

2009.



D Gibson  
Director

## **IVG Developments (Euston) Limited**

### **Statement of Directors' Responsibilities**

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). The financial statements are required to 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; 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 proper accounting records that 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 1985. 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 Auditors' Report to the Members of IVG Developments (Euston) Limited**

We have audited the financial statements of IVG Developments (Euston) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*PKF (UK) LLP*

**PKF (UK) LLP**  
Registered Auditors

London, UK

*3 July* 2009

**IVG Developments (Euston) Limited**  
**Profit and Loss Account**  
**Year ended to 31 December 2008**

		2008 £	25 June 2007 to 31 December 2007 £
	Notes		
Other operating income	1(d)	349,019	116,769
Other operating costs		(176,132)	(76,044)
		<u>172,887</u>	<u>40,725</u>
Administrative expenses		(56,532)	(48,135)
Impairment of development property	6	(14,557,000)	-
		<u>(14,440,645)</u>	<u>(7,410)</u>
<b>Operating loss</b>	2	<b>(14,440,645)</b>	<b>(7,410)</b>
Interest receivable and similar income	4	200,689	42,982
		<u>200,689</u>	<u>42,982</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(14,239,956)</b>	<b>35,572</b>
Taxation	5	-	-
		<u>-</u>	<u>-</u>
<b>(Loss)/profit for the year/period</b>	10	<b>(14,239,956)</b>	<b>35,572</b>
		<u>(14,239,956)</u>	<u>35,572</u>

All amounts relate to continuing activities.

There were no recognised gains or losses other than the loss for the year/period.

# IVG Developments (Euston) Limited

Balance Sheet  
At 31 December 2008

	Notes		2008 £	2007 £
<b>Current assets</b>				
Work in progress	6	21,037,065	32,511,178	
Debtors	7	13,001,638	466,215	
Cash at bank and in hand		89,241	95,314	
		<u>34,127,944</u>	<u>33,072,707</u>	
<b>Creditors</b>				
Amounts falling due within one year	8	(545,850)	(33,037,134)	
		<u>(545,850)</u>	<u>(33,037,134)</u>	
<b>Net current assets</b>			<b>33,582,094</b>	<b>35,573</b>
Amounts falling due after one year	8		(35,386,477)	-
			<u>(35,386,477)</u>	
<b>Net (liabilities)/assets</b>			<b>(1,804,383)</b>	<b>35,573</b>
<b>Capital and reserves</b>				
Called up share capital	9		1	1
Redeemable preference shares	9	12,400,000	-	-
Profit and loss account	10	(14,204,384)	35,572	35,572
		<u>(1,804,383)</u>	<u>(1,804,383)</u>	
<b>Shareholder's (deficit)/funds</b>	11		<b>(1,804,383)</b>	<b>35,573</b>
			<u>(1,804,383)</u>	<u>35,573</u>

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 1 July 2009.



D Gibson  
Director

# IVG Developments (Euston) Limited

## Notes to the Financial Statements

Year ended 31 December 2008

### 1 Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

- (b) At 31 December 2008 the company had net liabilities of £1,804,383, including an amount owed to its ultimate parent undertaking, IVG Immobilien AG, of £35,386,477, and has made losses in the year. IVG Immobilien AG has confirmed its intention, for at least one year from the date of approval of the financial statements, to provide support to IVG Developments (Euston) Limited to enable the company to settle its liabilities as they fall due. Furthermore they have confirmed that they will not seek repayment of the intercompany balance due to them for the same period of time. Accordingly, the Directors consider it appropriate for the accounts to be prepared on a going concern basis.

#### (c) Turnover

Turnover represents income generated from the sale of development property, net of value added tax. All turnover is generated from within the United Kingdom.

#### (d) Other operating income

Other operating income represents rents received from tenants, net of value added tax.

#### (e) Development property – work in progress

All costs associated with the acquisition and development of the property, net of incidental receipts and including interest payable on loans taken out to finance the project, are included in work in progress. Work in progress is carried out at the lower of cost and net realisable value.

#### (f) 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	2008 £	2007 £
	The operating loss is stated after charging:		
	Auditors' remuneration	5,000	5,000
		<hr/>	<hr/>

### 3 Staff costs

There are no employees other than directors. None of the directors received any remuneration from the company during the year for their services.



**IVG Developments (Euston) Limited**  
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**Year ended 31 December 2008**

<b>4 Interest receivable and similar income</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank interest	<b>11,235</b>	8,920
Interest on intercompany loan	<b>187,529</b>	-
Interest on third party holdings	<b>1,925</b>	34,062
	<u><b>200,689</b></u>	<u>42,982</u>

<b>5 Taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>(a) Analysis of tax charge for the year</b>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

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

The tax assessed for the year is higher than the standard rate of corporation tax in the UK.  
The differences are explained below:

(Loss)/profit on ordinary activities before tax	<b>(14,239,956)</b>	35,572
	<u>-</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities at standard rate of corporation tax of 28.5% (2007: 30%)	<b>(4,058,388)</b>	10,672
Effects of:		
Group relief surrendered/(utilised)	<b>4,058,388</b>	(10,672)
	<u>-</u>	<u>-</u>
Current tax charge for year	-	-
	<u>-</u>	<u>-</u>

There are no recognised or unrecognised deferred tax assets or liabilities as at 31 December 2008.

**IVG Developments (Euston) Limited**  
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**Year ended 31 December 2008**

<b>6</b>	<b>Work in progress</b>		<b>Freehold property £</b>
	<b>Cost</b>		
	At 1 January 2008		32,511,178
	Additions		909,109
	Interest capitalised during the year		2,173,778
	Impairment charge		(14,557,000)
			<hr/>
	At 31 December 2008		21,037,065
			<hr/>
<b>7</b>	<b>Debtors</b>	<b>2008 £</b>	<b>2007 £</b>
	<b>Amounts falling due within one year:</b>		
	Trade debtors	48,304	83,726
	Amounts due from group undertakings	12,587,530	-
	VAT debtor	30,043	46,726
	Other debtors	335,761	335,762
		<hr/>	<hr/>
		13,001,638	466,214
		<hr/>	<hr/>
<b>8</b>	<b>Creditors</b>	<b>2008 £</b>	<b>2007 £</b>
	<b>Amounts falling due within one year:</b>		
	Trade creditors	6,100	7,130
	Amounts due to group undertakings	110,661	32,576,494
	Other creditors	348,846	335,762
	Accruals and deferred income	80,243	117,748
		<hr/>	<hr/>
		545,850	33,037,134
		<hr/>	<hr/>
	<b>Amounts falling due after more than one year:</b>		
		<b>2008 £</b>	<b>2007 £</b>
	Amounts owed to group undertakings	35,386,477	-
		<hr/>	<hr/>

**IVG Developments (Euston) Limited**  
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9	Called up share capital	2008 £	2007 £
	<b>Authorised</b>		
	100,000 ordinary shares of £1 each	100,000	100,000
	13,000,000 redeemable preference shares of £1 each	13,000,000	-
		<hr/>	<hr/>
	<b>Allotted, issued and fully paid</b>		
	1 ordinary share of £1	1	1
	12,400,000 redeemable preference shares of £1 each	12,400,000	-
		<hr/>	<hr/>

On 29 September 2008 the company allotted at par 12,400,000 redeemable preference shares of £1 each. There are no voting rights attached to these shares. They have no specific entitlement to dividends but these may be declared at the company's option. The company has the right to redeem at par all or any part of the preference shares at any time. The preference shares are repaid ahead of any return of capital to ordinary shareholders on a wind up. Given that the preference shareholders have no contractual right to income or capital other than at the company's option the preference shares are classified as equity instruments.

10	Profit and loss account	2008 £	2007 £
	At 1 January 2008	35,572	-
	(Loss)/profit for the year	(14,239,956)	35,572
		<hr/>	<hr/>
	At 31 December 2008	(14,204,384)	35,572
		<hr/>	<hr/>

11	Reconciliation of movement in shareholder's (deficit)/funds	2008 £	2007 £
	At 1 January 2008	35,573	-
	Shares issued	12,400,000	1
	(Loss)/profit for the year	(14,239,956)	35,572
		<hr/>	<hr/>
	At 31 December 2008	(1,804,383)	35,573
		<hr/>	<hr/>

**12 Ultimate parent company and controlling party**

The company's immediate parent undertaking is IVG Development (UK) Limited, a company incorporated in the United Kingdom. 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.