

(Registered Number 06291494)

IVG Developments (Euston) Limited

Annual Report and Audited Financial Statements

Year ended 31 December 2009

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IVG Developments (Euston) Limited
Annual Report and Audited Financial Statements
Year ended 31 December 2009

Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

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 2009

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 in June 2007 for development and sale. On 30th April 2010, the property was sold for a consideration of £23,800,000 (net of VAT and selling costs). Following the sale of the property, the company is seeking new development opportunities.

Results and dividends

The loss for the year after taxation amounted to £894,357 (2008 £14,239,956) and this has been transferred to reserves. The directors do not recommend the payment of a dividend for the year (2008 £nil).

Directors

The directors who served during the year were as follows

Mr D Gibson
Mr M Mason

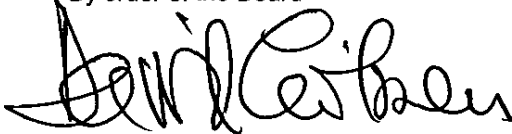
Statement of information provided to auditors

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 report of the directors 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.

By order of the Board



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). 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 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 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 2009 which comprise the profit and loss, 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 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

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

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.

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 2009 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.

Emphasis of matter — going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern and its dependence on financing provided by other group entities, all of which is ultimately dependent on the group's parent company, IVG Immobilien AG. The ability of IVG Immobilien AG to continue to provide finance to the rest of the group is dependent on a credit term extension for a development project, the remediation of a possible covenant breach and certain property disposals and this, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt regarding the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

**Independent Auditors' Report to the Members of
IVG Developments (Euston) Limited**
(continued)

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
- 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 auditors

London, UK

24 September 2010

IVG Developments (Euston) Limited
Profit and Loss Account
Year ended 31 December 2009

	Notes	2009 £	2008 £
Other operating income	1(d)	42,372	349,019
Other operating costs		(185,991)	(176,132)
		<u>(143,619)</u>	172,887
Administrative expenses		(11,509)	(56,532)
Impairment of development property		-	(14,557,000)
		<u>-</u>	<u>-</u>
Operating loss	2	(155,128)	(14,440,645)
Interest receivable and similar income	3	774,176	200,689
Interest payable and similar charges	4	(1,513,405)	-
		<u>(1,513,405)</u>	<u>-</u>
Loss on ordinary activities before taxation		(894,357)	(14,239,956)
Taxation	5	-	-
		<u>-</u>	<u>-</u>
Loss for the year	10	<u>(894,357)</u>	<u>(14,239,956)</u>

All amounts relate to continuing activities

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

IVG Developments (Euston) Limited

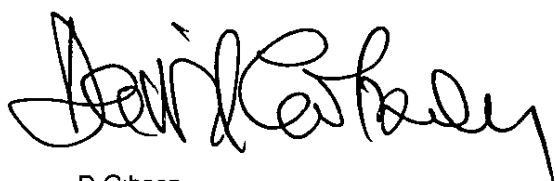
Registered Number 06291494

Balance Sheet

At 31 December 2009

	Notes	£	2009 £	£	2008 £
Current assets					
Work in progress	6	21,092,688		21,037,065	
Debtors	7	37		13,001,638	
Cash at bank and in hand		57,017		89,241	
		<u>21,149,742</u>		<u>34,127,944</u>	
Creditors					
Amounts falling due within one year	8	(179,258)		(545,850)	
		<u></u>		<u></u>	
Net current assets			<u>20,970,484</u>		<u>33,582,094</u>
Amounts falling due after one year	8		(23,669,224)		(35,386,477)
Net liabilities			<u>(2,698,740)</u>		<u>(1,804,383)</u>
Capital and reserves					
Called up share capital	9		1		1
Redeemable preference shares	9		12,400,000		12,400,000
Profit and loss account	10		(15,098,741)		(14,204,384)
Shareholder's deficit	11		<u>(2,698,740)</u>		<u>(1,804,383)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 22 September 2010



D Gibson
Director

IVG Developments (Euston) Limited

Notes to the Financial Statements

Year ended 31 December 2009

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) Basis of preparation

At 31 December 2009 the company had net liabilities of £2,698,740, including an amount owed to its ultimate parent undertaking, IVG Immobilien AG, of £23,669,224. 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. The ability of IVG Immobilien AG to continue to provide finance to the rest of the group is dependent on a credit term extension for a development project, the remediation of a possible covenant breach and certain property disposals, and the existence of these requirements gives rise to a material uncertainty related to events or conditions which may cast significant doubt over the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the company will have adequate resources to continue as a going concern. As such, the directors continue to adopt the going concern basis in preparing the financial statements.

(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) 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.

(f) 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 at the lower of cost and net realisable value.

(g) 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.

IVG Developments (Euston) Limited

Notes to the Financial Statements

Year ended 31 December 2009

2 Operating loss

	2009 £	2008 £
The operating loss is stated after charging		
Fees paid to the company's auditors for		
- audit services	5,000	5,000
- taxation services	-	10,170
- company secretarial	1,020	1,015

There are no employees other than directors. The directors did not receive any remuneration from the company during the year for their services.

3 Interest receivable and similar income

	2009 £	2008 £
Bank interest	1,046	11,235
Group interest	773,130	187,529
Interest on third party holdings	-	1,925
	<u>774,176</u>	<u>200,689</u>

4 Interest payable and similar charges

	2009 £	2008 £
Group interest	1,513,405	-

5 Taxation

	2009 £	2008 £
(a) Analysis of tax charge for the year		
Current tax (note 5(b))	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-

IVG Developments (Euston) Limited
Notes to the Financial Statements
Year ended 31 December 2009

5 Taxation (continued)

(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 on ordinary activities before tax	(894,357)	(14,239,956)
	<hr/>	<hr/>
Tax on loss on ordinary activities at standard rate of corporation tax of 28% (2008 28.5%)	(250,420)	(4,058,388)
Effects of		
Expenses not deductible for tax purposes	127,126	-
Group relief surrendered	123,294	4,058,388
	<hr/>	<hr/>
Current tax charge for year(note 5(a))	-	-
	<hr/>	<hr/>

There are no recognised or unrecognised deferred tax assets or liabilities at 31 December 2009

6 Work in progress

	£
Cost	
At 1 January 2009	21,037,065
Additions	55,623
	<hr/>
At 31 December 2009	21,092,688
	<hr/>

On 30th April 2010, the property was sold for a consideration of £23,800,000 (net of VAT and selling costs) Following the sale of the property, the company is seeking new development opportunities

7 Debtors	2009	2008
	£	£
Amounts falling due within one year:		
Trade debtors	-	48,304
Amounts due from group undertakings	1	12,587,530
VAT debtor	-	30,043
Other debtors	36	335,761
	<hr/>	<hr/>
	37	13,001,638
	<hr/>	<hr/>

IVG Developments (Euston) Limited

Notes to the Financial Statements

Year ended 31 December 2009

8	Creditors	2009	2008
		£	£
	Amounts falling due within one year.		
	Trade creditors	-	6,100
	Amounts due to group undertakings	157,447	110,661
	Other creditors	-	348,846
	Accruals and deferred income	21,811	80,243
		179,258	545,850
	Amounts falling due after more than one year:		
		2009	2008
		£	£
	Amounts owed to group undertakings	23,669,224	35,386,477
9	Called up share capital	2009	2008
		£	£
	Allotted, issued and fully paid		
	1 ordinary share of £1	1	1
	12,400,000 redeemable preference shares of £1 each	12,400,000	12,400,000

There are no voting rights attached to the redeemable preference 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 in the event of the company being wound 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	2009	2008
		£	£
	At 1 January	(14,204,384)	35,572
	Loss for the year	(894,357)	(14,239,956)
	At 31 December	(15,098,741)	(14,204,384)

IVG Developments (Euston) Limited

Notes to the Financial Statements

Year ended 31 December 2009

11 Reconciliation of movement in shareholder's deficit

	2009 £	2008 £
At 1 January	(1,804,383)	35,573
Shares issued during the year	-	12,400,000
Loss for the year	(894,357)	(14,239,956)
	<hr/>	<hr/>
At 31 December	(2,698,740)	(1,804,383)
	<hr/>	<hr/>

12 Ultimate parent company and controlling party

The company's immediate parent company 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.