

(Registered Number 2305636)

IVG Development (UK) Limited
Annual Report & Audited Financial Statements
Year ended 31 December 2011

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IVG Development (UK) Limited
Annual Report & Audited Financial Statements
Year ended 31 December 2011

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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 2011

Principal activity, review of the business and future developments

The principal activity of the company has historically been that of an investment letting business. Following the sale of its investment property in 2010 the company has not traded.

Results and dividends

The profit for the year after taxation amounted to £2,353,549 (2010 loss of £5,681,070) and has been transferred to reserves. A dividend of £37,462,253 was paid during the year (2010 £nil).

Directors

The following directors served during the year:

Mr D H Gibson
Mr M Mason

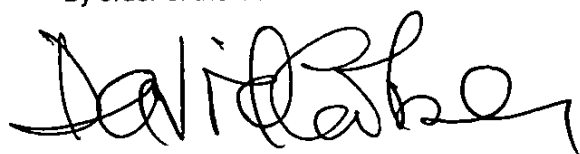
Statement of information provided to auditor

Each of the directors has confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is 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 H Gibson
Director

IVG Development (UK) Limited

Statement of Directors' Responsibilities

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 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,
- 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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 2011 which comprise the profit and loss account, 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 statement of directors' responsibilities, 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 31 December 2011 and of its profit 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

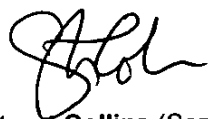
Opinion on other matter prescribed by the Companies Act 2006

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 exemption in preparing the directors' report



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

16 July 2012

IVG Development (UK) Limited
Profit and Loss Account
Year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	1(c)	-	1,856,066
Other operating income		-	(48,978)
		-	1,807,088
Operating costs		(92,612)	(992,158)
Administrative expenses		(189,693)	(1,461,381)
Operating loss	2	(282,305)	(646,451)
Investment income	9	2,413,724	-
Loss on disposal and write down of investments	9	(424,258)	(8,504,184)
Profit on disposal of investment property		-	3,666,962
Profit/(loss) on ordinary activities before interest		1,707,161	(5,483,673)
Interest receivable and similar items	6	1,050,543	144,139
Interest payable and similar charges	7	(404,155)	(820,536)
Profit/(loss) on ordinary activities before taxation		2,353,549	(6,160,070)
Taxation	8	-	479,000
Profit/(loss) for the year	14	2,353,549	(5,681,070)

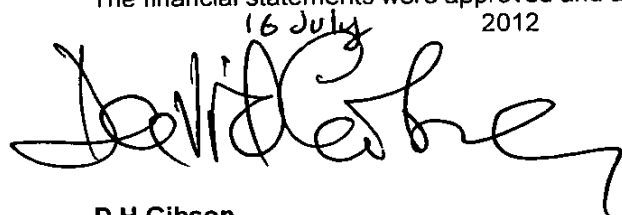
All amounts relate to continuing operations

There were no recognised gains or losses other than the profit/(loss) for the year

IVG Development (UK) Limited
Registered Number 2305636
Balance Sheet
31 December 2011

	Notes	£	2011	£	£	2010	£
Fixed assets							
Investments	9		18,459,354			32,449,713	
			18,459,354			32,449,713	
Current assets							
Debtors	10	270,434			36,168,399		
Cash at bank and in hand		116,153			89,942		
			386,587		36,258,341		
Creditors							
Amounts falling due within one year	11	(448,353)			(707,660)		
Net current (liabilities)/assets				(61,766)		35,550,681	
Total assets less current liabilities				18,397,588		68,000,394	
Creditors							
Amounts falling due after more than one year	11			-		(14,494,102)	
Net Assets				18,397,588		53,506,292	
Capital and reserves							
Called up share capital	13		4,012,747			41,475,000	
Profit and loss account	14		14,384,841			12,031,292	
Shareholder's funds	16		18,397,588			53,506,292	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 July 2012



D H Gibson
Director

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2011

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

(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) Investments

Fixed asset investments are shown at cost less provision for impairment where the net assets of the subsidiary cannot support the carrying values.

(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) 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.

(g) 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.

(h) Pension contributions

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

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2011

(i) 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.

(j) 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

	2011	2010
	£	£
The operating loss is stated after charging		
Depreciation	-	250,291
Operating lease rentals in respect of land and buildings	-	132,710
	104,734	382,991

3 Auditor's remuneration

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

	2011	2010
	£	£
Audit fees	7,500	23,500
Taxation services	90,254	74,597
Company secretarial	1,980	960
Accounts preparation	5,000	5,000
	104,734	104,057

In addition to the above, £4,000 (2010 £nil) of audit fees and £4,274 (2010 £nil) of company secretarial fees were paid by the company on behalf of other group entities.

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2011

4 Staff costs and numbers

	2011 £	2010 £
Staff costs, including directors were		
Wages and salaries	-	488,442
Social security costs	-	69,171
Pension contributions	-	27,535
	-	585,148
	-	585,148
	Number	Number
Average monthly number of persons employed during the year		
Administration	-	7
	-	7
	-	7

On 1 September 2010 the contracts of employment of all staff within the company were transferred to IVG (UK) Limited and therefore, there were no members of staff during the year other than the Directors who received no remuneration

5 Directors' remuneration

	2011 £	2010 £
Emoluments	-	290,934
Contributions to personal pension scheme	-	10,220
	-	301,154
	-	301,154
Emoluments of highest paid director	-	156,433
Total emoluments	-	5,367
Contributions to personal pension scheme	-	-
	-	161,800
	-	161,800

Contributions were made into personal pension schemes for 2 directors in 2010

6 Interest receivable and similar items

	2011 £	2010 £
Group interest	1,050,055	143,323
Bank interest	488	816
	1,050,543	144,139
	1,050,543	144,139

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2011

7	Interest payable and similar charges	2011 £	2010 £
	Group interest	<u>404,155</u>	<u>820,536</u>
8	Taxation	2011 £	2010 £
(a)	Analysis of tax charge for year		
	Current tax	-	-
	Corporation tax	-	-
	Total current tax (note 8(b))	-	-
	Deferred taxation		
	Origination and reversal of timing differences	-	(479,000)
	Tax on profit on ordinary activities	-	(479,000)
(b)	Reconciliation of current year tax charge		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below		
	Profit/(loss) on ordinary activities before tax	<u>2,353,549</u>	<u>(6,160,070)</u>
	Profit/(loss) on ordinary activities at standard rate of corporation tax in the UK of 26.5% (2010: 28%)	623,690	(1,724,820)
	Effects of		
	Expenses not deductible for tax purposes	3,714,758	1,360,332
	Capital allowances in excess of depreciation	(42,085)	(135,095)
	Group relief surrendered	-	499,583
	Losses brought forward	(61,710)	-
	Non taxable income	<u>(4,234,653)</u>	-
	Current tax charge for the year (note 8(a))	-	-

IVG Developments (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2011

9 Investments	2011 £	2010 £
At 1 January 2011	32,449,713	32,253,897
Additions	-	8,700,000
Distribution following capital reduction	(13,566,101)	-
Provision against carrying value	(424,258)	(8,504,184)
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At 31 December 2011	18,459,354	32,449,713
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At 31 December 2011 the company owned directly, or indirectly, the entire share capital of the following subsidiaries, all of which are registered in England and Wales

	Proportion and class of shares held	Profit/(loss) for the year ended 31 December 2011	Capital and reserves at 31 December 2011 £
IVG Asticus (Caxton) Limited - property investment	100% of ordinary shares	2,413,724	1
IVG Developments (Broadway) Limited - property development	100% of ordinary shares	(555,372)	18,198,504
IVG Developments (Euston) Limited - property development	100% of ordinary shares	88,654	149,026
IVG Developments (Melton St) Limited - property development	100% of ordinary shares	42,464	111,823
		<hr/>	<hr/>

During the year the company disposed of its investment in its dormant subsidiary, Brooksave Limited. The net assets of Brooksave prior to disposal was £2.

On 20 December 2011, following a capital reduction, IVG Asticus (Caxton) Limited paid a dividend of £15,979,825 to the company and its net assets reduced by the same amount, leaving nominal share capital of £1. It is the view of the Directors that the dividend in part represents a realisation of the investment as shown above and that only the excess of the dividend above this realisation, being £2,413,724 should be shown as investment income within the profit and loss account.

10 Debtors	2011 £	2010 £
Amounts falling due within one year:		
Trade debtors	15,959	43,677
Amounts due from group undertakings	-	35,552,776
Other debtors	254,475	571,946
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	270,434	36,168,399
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IVG Developments (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2011

11	Creditors	2011 £	2010 £
	Amounts falling due within one year:		
	Trade creditors	269,044	266,880
	Amounts due to subsidiary undertakings	90,882	165,429
	Other creditors including taxation and social security	52,742	54,782
	Accruals and deferred income	35,685	220,569
		448,353	707,660
	Amounts falling due after more than one year:		
	Amounts due to subsidiary undertakings	-	14,494,102
		-	14,494,102
12	Deferred taxation	2011 £	2010 £
	At 1 January	-	479,000
	Release in the year	-	(479,000)
		-	-
	At 31 December	-	-
13	Called up share capital	2011 £	2010 £
	Allotted, issued and fully paid		
	4,012,747 (2010 41,475,000) ordinary shares of £1 each	4,012,747	41,475,000
		4,012,747	41,475,000
	On 20 December 2011, following a declaration of solvency by the Directors, a special resolution was passed to reduce the company's issued share capital £37,462,253 nominal value of ordinary shares was transferred to a distributable capital reduction reserve (see note 15)		
14	Profit and loss account	2011 £	2010 £
	At 1 January	12,031,292	5,635,244
	Profit/(loss) for the year	2,353,549	(5,681,070)
	Transfer from revaluation reserve	-	12,077,118
	Transfer from capital reduction reserve (note 15)	37,462,253	-
	Dividend	(37,462,253)	-
		14,384,841	12,031,292
	At 31 December	14,384,841	12,031,292

A dividend of £32,462,253 was declared during the year (2010 £nil)

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2011

15 Capital Reduction Reserve	2011 £	2010 £
Capital reductions (note 13)	37,462,253	-
Transfer to profit and loss account (note 14)	(37,462,253)	-
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At 31 December	-	-
	<hr/> <hr/>	<hr/> <hr/>
 16 Reconciliation of movements in shareholder's funds	2011 £	2010 £
At 1 January	53,506,292	59,187,362
Profit/(loss) for the year	2,353,549	(5,681,070)
Dividend	(37,462,253)	-
	<hr/>	<hr/>
At 31 December	18,397,588	53,506,292
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17 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.