

ISG Retail Limited

Report and Financial Statements

Year ended

31 December 2020

Company Number 02721627



ISG Retail Limited

Report and Financial Statements for the year ended 31 December 2020

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Directors

M C J Blowers
M Cesenek
K P Dengate
A K Down
D G Entwistle
N M Starkey

Secretary

N Heard

Registered Office and Principal place of Business

Boleyn House
St Augustine's Business Park
Whitstable
Kent
CT5 2QJ

Registered company number

02721627

Legal form

Private company limited by shares

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Country and Date of Incorporation

United Kingdom, 9 June 1992

ISG Retail Limited

Strategic Report for the year ended 31 December 2020

The Directors present their strategic report together with the audited financial statements of ISG Retail Limited (the 'Company') for the year ended 31 December 2020.

COVID-19

Following the declaration by the World Health Organisation (WHO) of COVID-19 as a global pandemic and the restrictions implemented by governments around the world during the first quarter of 2020, there has, naturally, been an impact to the operations of the Company in 2020.

Despite the inevitable disruption of COVID-19 to our projects, our project teams worked tirelessly to continue to operate sites safely and effectively where possible, and keep our clients fully updated on what was happening. Throughout the year we worked closely with our supply chain to introduce and adopt new safety measures and working practices. We held a series of webinars for suppliers, to understand their pressure points and concerns and to provide guidance and support. We also made it a priority that we continued to pay our suppliers and subcontractors on time.

With COVID-19 came the need to rapidly change how we worked. Our IT infrastructure, technology and support model meant office-based employees were able to quickly shift to home-working with minimal disruption. At the same time, our site teams were working hard to ensure sites were operating safely and effectively. With less people allowed on site, collaboration software and virtual technologies were used to keep stakeholders updated and projects on track.

In response to the forecasted impact of the pandemic, in March 2020 the Directors introduced a series of measures designed to protect the financial health of the Company. These included:

- Pausing the work of non-directly employed staff;
- Reducing employee numbers in line with the reduced volumes, implementing temporary pay cuts and furloughing schemes;
- Focusing any pay cuts on the best paid people – starting with the Directors; and
- Reducing discretionary spend and capital expenditure budgets.

These were tough decisions to make but have meant that the Company has mitigated some of the impact of the pandemic and ended the financial year with no external debt and a strong order book for 2021.

Business and Financial Review of the period

Our activity levels have continued to increase despite the challenges brought on by COVID-19. We have worked night and day in a controlled and safe manner to meet our customers' expectations, whilst securing new customers as we look to expand our offering across new markets, increasing our diverse offering. In line with our business' core values:

- We continue to invest in our apprenticeship schemes as we search for the stars of the future;
- Investment is ongoing in technology and ways to improve as part of our drive to achieve greater operational efficiency; and
- We continue to develop our Customer Experience (CX) programme to seek feedback from customers and consultants to improve our delivery journey and create the best possible experience.

We have secured extensions to frameworks with our banking clients and have seen differing ways of managing through COVID-19. Some have carried on with a 'business as usual' mentality, whilst others have been more cautious. This has led to differing workloads and approaches to the future of office workspace. We anticipate plenty of opportunity as property estates are consolidated and repurposed.

Our activity with distribution centres for online retailers, either directly or via developers, has increased significantly to greater than £150m in 2020. Furthermore, there is an encouraging pipeline of opportunities for activity in 2021 and 2022. Our management team has also been instrumental in securing and supporting workload for fellow group companies operating in Europe.

Activity levels with key clients in the food retail sector have been variable, but the outlook for 2021 is encouraging due in part to the challenge of increasing their capability to service their online offering.

ISG Retail Limited

Strategic Report for the year ended 31 December 2020 (continued)

Business and Financial Review of the period (continued)

Despite the impact of COVID-19 on activity levels, the Directors welcome the financial results for 2020. With a robust forward order book, good first quarter sales in 2021, and workstreams with several established customers set to increase, the outlook is favourable.

The Company's key performance indicators and growth measures are as follows:

	2020	2019
	£m	£m
Revenue	332.9	279.5
Gross profit	22.7	20.1
Profit before tax	10.2	9.2

	2020	2019
	£m	£m
Order book	118.5	133.5
Cash	21.1	18.2
Shareholders' funds	19.7	18.7

Principal risks and uncertainties

The ability to identify, evaluate, monitor and, where appropriate, mitigate risk within the Company is fundamental to the continued success of the business. A key objective of the Board of Directors and its senior management team is to safeguard and where possible increase the value of the Company and its assets.

It is the responsibility of the Company's Board of Directors to set risk appetite levels to be adopted within each area of the business and to ensure that effective and relevant risk frameworks and internal controls are in place. This is supported by policies from the ISG Limited Group, which have been designed to support risk mitigation. It is the responsibility of the Board of Directors to ensure that the Group policies are adhered to. The Company's reporting structure ensures that the appetite and management of risk is determined within levels acceptable and agreed to by the Company's Board of Directors. The impact of significant risks and relevant mitigation activities is regularly monitored by the Board of Directors.

It should be noted that the Company's risk management procedures can only help to mitigate certain risks, rather than eliminate them entirely. Some of the risks identified will also be, to a greater or lesser extent, beyond the Company's influence or control.

A summary of the principal risks and uncertainties that have been identified by the Board of Directors which could impact on the Company's performance is shown in the table below, together with details of the mitigation actions that are being taken. Reference to Group below refers to the ISG Limited Group. These identified risks and uncertainties are specific to the Company and exclude overarching risk that will impact most businesses e.g. macro-economic, political, financial market and climate change risks.

The risks, impact and mitigation included in the table below exclude issues relating to COVID-19 and Brexit which are discussed separately.

Risks and impact	Mitigation
<p>Supply Chain, procurement and labour practices</p> <p>Subcontractors and suppliers may not be able to meet their material and service provision obligations due to reasons such as overstretching their capacity, going into receivership, or mismanagement of their supply chain.</p> <p>Subcontractors and suppliers may contravene legislation through a lack of understanding of the risks, and competence in their own procurement practices, putting ISG at risk of non-compliance with legislation and local codes of practice.</p> <p>Risk of prosecution and financial penalties, and potential impact on reputation.</p>	<p>Various checks and balances are in place to ensure the Group is not dependent or exposed to anyone, or a small number of, subcontractors or other suppliers.</p> <p>The financial stability of each subcontractor is regularly monitored, and appropriate retentions are held. Parent company guarantees, third-party bonds, and / or other appropriate security is required from subcontractors.</p> <p>A thorough pre-qualification process is also carried out before appointing new subcontractors, whose performance is regularly monitored thereafter. This is supported by robust management procedures and training for our employees and subcontractors.</p> <p>ISG has in place corporate policies that address key issues such as The Modern Slavery Act 2015, The Bribery Act 2010, and prohibiting the use of products from species prohibited under CITES or from illegal sources.</p> <p>In the UK, existing and potential new subcontractors are required to sign up to our antislavery and human trafficking supply chain commitment (the Supply Chain Commitment) as part of the subcontractor approval process.</p>

ISG Retail Limited

Strategic Report for the year ended 31 December 2020 (continued)

Risks and impact	Mitigation
	<p>Relevant employees are required to undertake mandatory e-learning modules on Modern Slavery and Anti-Bribery. We also provide awareness training for our site workforce on relevant topics, including information within our site inductions, bespoke workshops where appropriate, and awareness materials displayed on site.</p> <p>Our site induction processes include 'right to work' checks.</p>
<p>Recruitment, development and retention of employees</p> <p>A high-calibre workforce is crucial to delivering the Group's strategy and in ensuring the delivery of a high-quality service.</p> <p>Growth of the business through increased revenue, exceeding talent availability to service our projects, could put our quality of service and product at risk, impacting customer experience.</p> <p>Competitors may try to poach key employees from within the Group who are difficult to replace.</p> <p>A loss of key employees may cause staffing issues, which may adversely impact on both project delivery and wider growth opportunities.</p> <p>A lack of externally available, suitably effective training courses to meet the skills and development needs of employees and the supply chain could result in a knowledge gap, and impact the quality of our service and product.</p>	<p>Resource planning ensures that we can build the pipeline of talent we need to meet the business requirements.</p> <p>Our performance development review provides the opportunity for regular performance discussions, identifies areas for personal development, and allows for a conversation about career aspirations.</p> <p>ISG's in-house learning and development vehicle, Smartspace, allows employees to access learning that ensures we develop the capabilities we need while also supporting personal growth and development.</p> <p>A global annual employee survey is carried out which allows us to develop action plans to drive improvements in employee engagement.</p> <p>The remuneration of employees is firmly linked to performance and where bonus plans are part of the total remuneration offering, they are linked to the achievement of business goals.</p>
<p>Project delivery and quality of service / product</p> <p>The ability of the Group to continue winning contracts at appropriate profit margins and with acceptable terms and conditions, in markets that are competitive.</p> <p>Failure to manage or deliver a key project in accordance with the agreed contract, to an appropriate standard and within the timescales agreed. This may lead to disputes and have an adverse impact on both the profitability of the Group and its reputation.</p> <p>Overstretching of the Group's supply chain as both markets and sectors grow, which could lead to subcontractor failure.</p>	<p>The Group has a controlled approach to contract bidding and selection (within clearly defined delegated authority levels and agreed sector focus). This ensures that work undertaken matches the capability and resources available, that contractual terms are acceptable, and that clear responsibility for scrutiny and approval is given to the appropriate level of management.</p> <p>Contracts that are in progress are controlled and managed through the Group's operating structure. Regular and detailed reviews take place within each business unit and centrally to monitor forecast revenues, costs to complete the project and cash flows.</p> <p>Appropriate Group risk registers are maintained. Enhanced management and supervision are necessary for projects that are deemed to be higher risk.</p> <p>Regular reviews are also undertaken of each business unit's results, together with monthly / quarterly operational and budgeting / forecasting reviews.</p> <p>The Group operates a project audit team that reports into the Risk Committee to help ensure that projects are delivered to cost and timetable.</p>
<p>Health, safety and well-being of stakeholders</p> <p>A failure to manage the Group's health and safety risks could result in serious harm to employees, subcontractors, the public or the environment.</p> <p>The Group could be exposed to significant potential liabilities and reputational damage.</p> <p>There may be a breach of local regulatory requirements.</p>	<p>In the UK and several other countries in which the Group currently operates, its processes and procedures comply with the requirements of OHSAS 18001. Efforts are being made to gradually introduce these standards throughout the global business.</p> <p>The safety of the Group's employees, supply chain, and members of the public, is of paramount importance.</p> <p>A comprehensive policy and framework are in place (to include regular site visits, the recording of accidents, near miss and hazard reporting).</p> <p>The Accident Incident Rate (AIR) is monitored closely in all operating companies within the Group. The Board also reviews these Group AIR statistics at the start of each monthly Board meeting, to consider trends within the business and discuss specific issues or concerns.</p> <p>Best practice is shared within the Group via a health and safety forum, which operates under a zero-tolerance approach to unsafe practices.</p> <p>Health and safety leaders are appointed within each business unit. A health and safety committee also meets regularly, which is made up of representatives from across the business.</p> <p>Regulatory requirements in relation to health and safety, and any changes to these, are regularly monitored by the group health and safety director.</p>
<p>Pollution control and environmental management</p> <p>A failure in our environmental management could potentially result in a pollution incident, or adversely affect biodiversity, causing environmental harm and resulting in potential liability and reputational damage.</p> <p>Management of incidents may also impact on time and costs associated with investigation, remediation and loss of working hours / impact on programme.</p>	<p>The Group is committed to fulfilling its environmental compliance obligations and to take every reasonable measure to conduct its business activities in a safe and responsible manner. The Group aims to minimise negative impact and, where possible, provide positive enhancements to the environment.</p> <p>Our environmental management systems are developed and maintained in line with the best practice recommendations of ISO 14001:2015, and all applicable environmental legislation and regulations.</p> <p>ISG is committed to protecting and, where possible, enhancing the environment. We have in place management procedures, guidance and training to support the effective</p>

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Strategic Report for the year ended 31 December 2020 (continued)

Risks and impact	Mitigation
	<p>planning and execution of our operations while minimising and mitigating environmental risks. This also includes robust incident reporting and investigation procedures, with trend analysis, informing any appropriate updates and changes to our management systems.</p> <p>We submit to audit by third-party certification bodies, and our clients where requested, demonstrating our responsible approach to environmental management and commitment to continual improvement.</p>
Overreliance on Key Customers	<p>ISG monitors the levels of work with each customer and actively seeks a balanced portfolio of work both within public and private sectors, across geographies and industry sectors.</p> <p>The nature of our projects can result in high trading levels with single customers in a specific financial year however when reviewed on a longer term basis a more balanced level of work is seen across the customer portfolio.</p>
<p>Legal, regulatory and reporting compliance</p> <p>The Group is required to ensure compliance with ever-changing and increasing legal, regulatory and reporting requirements, in the United Kingdom (UK), European Union (EU) and other countries in which it operates. This includes (but is not limited to) matters such as health and safety, the environment, accounting and taxation, human resources, anti-bribery, modern slavery and the General Data Protection Regulation (GDPR).</p> <p>Part of the Group's growth strategy requires entry in new countries and markets, where there may be different and / or additional legal, regulatory and compliance frameworks. A failure to comply with such requirements could lead to large financial penalties and / or reputational damage.</p>	<p>A regular review of the Group's key policies is carried out at Board level to ensure they remain relevant for the business and in line with legal and regulatory requirements.</p> <p>The Group uses external advisors / consultants, where deemed necessary, to advise on policy and the various compliance responsibilities that need to be adhered to.</p> <p>We have introduced a group-wide 'Code of ethics and business conduct'. This document provides a clear set of standards for all areas of the Group to follow, in terms of the laws and principles governing our behaviour and decision-making processes, both now and in the future. At the heart of the Code is the basic principle that the Group should always follow the laws of the countries in which it operates.</p> <p>Beyond the law, the Group must always be guided by its values and ensure that it does the right thing for its stakeholders, to include employees, customers, suppliers, shareholders and the wider community.</p>

Stakeholder engagement

Section 172 (s.172) of the Companies Act 2006 requires directors to act in a way that promotes the success of the Company for the benefit of stakeholders whose interests feature in the 'success of the Company'.

The legislation requires our Directors to have regard (among other matters) to:

- the likely consequences of any decision in the long term;
- the interests of our employees;
- the need to foster relationships with suppliers, customers and others;
- the impact of our operations on communities and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly, as between members of the Company.

We provide an overview of the actions undertaken by the Directors to demonstrate the Company's compliance with s.172 of the Act. We have defined our stakeholder groups and their interests as follows:

- **Customers:** In addition to absolute certainty of delivery, our customers seek specialist expertise, agile service and business insights, to thrive and remain competitive in their markets.
- **Employees:** Our people are looking for a work environment that keeps them healthy and safe; and enables them to grow personally and professionally.
- **Supply chain:** Our supply chain seeks to build strong partnerships with us that enable their own sustainable growth. They want us to work collaboratively and respectfully with them and establish mutual understanding and shared expectations.
- **Communities:** The communities where we work have a vested interest in the quality of the spaces we deliver and the way in which we deliver them. They benefit from engagement, communication and the creation of opportunities.
- **Industry:** The construction industry has evolved slowly over the past few decades and is ripe for innovation. It seeks strong, strategic and values-driven leadership that will help to position it as a positive and effective force for the future.

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Strategic Report for the year ended 31 December 2020 (continued)

- **Investors:** The Company is part of the ISG Group under ISG Limited. As part of this group we work with our parent and fellow subsidiaries to implement our vision to achieve long-term growth of the Company and Group.
- **Financial institutions:** Banks, bondsmen and credit insurers seek to understand the Company's performance and outlook so that they can provide financial services to our business and supply chain.

Our value outcomes are aligned closely with the needs of our stakeholders, and so it's crucial that they play a key role in informing our decisions and strategy. For this reason, we regularly connect with our stakeholders to get a greater insight into their needs and concerns. This information helps us to gain a better understanding of the immediate and long-term impact of our decisions on their interests, and underpins good governance across our business.

Over the course of the year, the Directors have received updates from senior leaders on how we have engaged with these stakeholders, the feedback we have received, and the impact of that feedback on the Company's policies, processes and procedures. This information has also informed decision-making by the Directors, which has in turn affected the direction and strategy of the business. The table on the following pages summarises key interactions, outcomes of engagement, and effects of engagement on Directors decisions for each stakeholder group. The ISG Limited Annual Report 2020 contains additional disclosures that users may find informative. The ISG Limited Annual Report 2020 can be obtained as described in note 26. 'Group' refers to the ISG Limited group of entities.

Customers	
Engagement interactions	Outcomes from engagement
<ul style="list-style-type: none"> ■ Group-wide customer experience (CX) programme methods of engagement adapted to encourage customer feedback despite COVID-19 restricting physical interviews ■ Engagement survey with 200 of our key consultants regarding the effects of the pandemic on customers and their sectors ■ Strategic engagement with customers with multiple project locations ■ Strategic engagement with customers regarding their future needs 	<ul style="list-style-type: none"> ■ Identifying opportunities to ensure customers achieved their construction objectives safely during the pandemic ■ Implementation of customer-specific KPI dashboard for greater transparency and consistency ■ Identifying customer sentiment for how COVID-19 will impact the sectors they work in ■ Customer-specific lessons learned and improvement workshops ■ A Net Promoter Score (NPS) of +73 (2019: +65) ■ A 4% increase on our average customer satisfaction score to 89% (2019: 85%)
Effects of engagement on Directors decisions: <ul style="list-style-type: none"> ■ Investment in the creation of online CX management dashboard, giving leadership teams group-wide 24/7 access to CX data and trends, to identify improvement and training requirements ■ Directing guidance to our supply chain regarding their business strategies in the wake of COVID-19, the likely timing of sector recovery, and likely changes they should be aware of and plan for ■ Directing changes in our CX programme around the timings of surveys ■ Supporting customers with net zero carbon initiatives in building design ■ Supporting customers with community and social value initiatives throughout their construction programmes 	

Employees	
Engagement interactions	Outcomes from engagement
<ul style="list-style-type: none"> ■ Annual employee survey as well as pulse surveys ■ Robust internal communications including CEO emails, MD newsletters, online news hub, mobile app, employee intranet, manager briefing packs, business unit quarterly or half-yearly updates, and end-of-year communications events ■ Intensive internal communications programme to support employees around COVID-19 – daily and weekly CEO updates, leader videos, dedicated online hub and email address, materials, tips and guides to support employees' mental health, and resources to support them in navigating the pandemic ■ Bi-annual Global Leadership Conference (GLC) ■ Performance Development Review (PDR) process ■ Targeted communications with employees regarding changes in regulations and opportunities within the business ■ Corporate and local charity partner activity, and ongoing volunteering and charitable engagement initiatives ■ Mental well-being – partnership with Mental Health UK, sharing webinars and resources, as well as opportunities to give something back through volunteer and fundraising 	<ul style="list-style-type: none"> ■ Local action plans developed from survey results for embedding in 2021 ■ HSQE campaigns focused on issues raised, development of training and changes in policy and procedure ■ Record engagement with internal communications channels using new tools and technology available, including digital site noticeboards and MS Teams video and live events ■ Involving employees in giving back to our local and global communities, and providing opportunities for skills development where possible, including resilience training, and training to become mental health first aiders ■ Record levels of involvement in our main global charity fundraising event – Move for Charity ■ Involving employees in shaping and delivering the outcomes needed to improve operational excellence

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Strategic Report for the year ended 31 December 2020 (continued)

<p>activities – as well as partnerships with other mental health charities, and other charities, outside the UK</p> <ul style="list-style-type: none"> Operational excellence programme – building an engagement and communications programme to support the drive for optimal operational efficiency across the Group 	
<p>Effects of engagement on Directors decisions:</p> <ul style="list-style-type: none"> Changes in the culture and tone of the business driven from the top Development of the 'All 4 by 24' strategy, incorporating feedback from the GLC and senior leadership working sessions Development of our health and safety programme, 'Choose safe. Choose health', empowering our people to make the safest and healthiest choices Investment in our people, technology and internal communications Development and delivery of a comprehensive learning and development curriculum through ISG's training hub, to allow our people to fulfil their potential Extension of partnership with ISG's UK charity partner, Mental Health UK, from three years to five years, exemplifying ISG's commitment to changing the conversation around mental health and supporting our people's mental health and resilience Development of employees across business units and geographies, providing opportunities for development and promotion Informing the appointment and direction of charitable partnerships that align with business priorities, employee interests and community needs 	

Supply chain	
Engagement interactions	Outcomes from engagement
<ul style="list-style-type: none"> Supply chain pre-qualification and ongoing management process Regular meetings between our supply chain team, senior management representatives and supply chain partners to discuss performance and opportunities Close engagement with supply chain partners, enabling the tracking and monitoring of global risks within the supply chain caused by COVID-19 and Brexit Expand supply chain partners into continental Europe, redefining the service level agreements and implementing a relationship charter to strengthen these agreements Ongoing engagement with project teams from pre-construction to post-completion Annual supply chain awards and conference, aligning to ISG's corporate goals Targeted topical communications regarding market updates and changes in regulations 	<ul style="list-style-type: none"> Approved supply chain that meets local statutory compliance, and is assessed financially, and monitored and evaluated by the local HSQE team Improved compliance, driving increased spend through fewer companies, and mitigating risks associated with poor performance, quality and financial stability Site and commercial teams aware of potential supply risks caused by COVID-19 and Brexit, with reports shared and distributed through internal communications Sharepoint site set up as a single point of engagement for regional teams, showing supplier and manufacturer closures, and live COVID-19 updates Supporting business growth in new territories by investigating supply chain opportunities across new sectors Tender and pre-construction meetings supporting collaboration and innovative solutions to come forward Construction and post-construction meetings supporting lessons learned and performance improvement Sharing ISG's strategy, plans and expectations, and recognising and rewarding operational excellence driven by our supply chain partners
<p>Effects of engagement on Directors decisions:</p> <ul style="list-style-type: none"> Investment in industry-leading source-to-pay solution to be delivered throughout 2021 Increased investment in research and development (R&D) to support DfMA construction methods in future projects Better understanding of challenges faced by our supply chain in delivery, and therefore supporting collaborative conversations and updated framework partnerships Future investment in supply chain due diligence, redefining our strategic partners, implementing a relationship charter, and aligning to ISG's core values 	

Communities	
Engagement interactions	Outcomes from engagement
<ul style="list-style-type: none"> Consultations with local authorities, and commercial and residential stakeholders, through planning and during construction Discussions with key community stakeholders in the development of social value plans Engagement and support of educational establishments, charities and community organisations Engagement with new local supply chains and employment and training providers 	<ul style="list-style-type: none"> Forming project programmes and construction methods to minimise impacts on neighbours, and facilitation of ongoing communication Identifying community needs e.g. targeted investment, employment, training, engagement etc Supporting the development of our early careers' talent pipeline and that of our supply chain Delivering social value to local communities through engagement of local suppliers and the upskilling and employment of local people Involving our people in creating value through volunteering, mentoring, charitable giving, pro bono and gifts in kind
<p>Effects of engagement on Directors decisions:</p> <ul style="list-style-type: none"> Development and alignment of our early careers and social value strategies Investment in human and material resources and tools to deliver, record and report social value Investment in the development and roll-out of our Level 3 Applied Diploma in Professional Construction Practice Decision to adopt Appreciative Inquiry approach to community and key stakeholder engagement 	

Industry bodies	
Engagement interactions	Outcomes from engagement
<ul style="list-style-type: none"> Regular communication with the ISG Group and Company's ultimate controlling party, William Harrison (ISG Limited's Board Chairman) and the Cathexis Group Quarterly Business Reviews with the ISG Group 	<ul style="list-style-type: none"> Sharing best practice on the COVID-19 response across the industry Tackling industry issues, such as resource efficiency and the circular economy

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Strategic Report for the year ended 31 December 2020 (continued)

<p><i>management</i></p> <ul style="list-style-type: none"> Monthly trading updates 	<ul style="list-style-type: none"> Reviewing and developing our management systems Growing our own knowledge of industry issues and how to solve them, and developing our understanding of technologies, and how to adopt them for mutual benefit Sharing knowledge and thought leadership with our industry colleagues
<p>Effects of engagement on Directors decisions:</p> <ul style="list-style-type: none"> Continued focus on innovation through investment in Building Information Modelling (BIM), R&D and new technologies Establishment of a high-rise residential building (HRRB) management process with a designated committee, including a suitably qualified independent fire engineer Commitment to re-evaluating our carbon measurement, and setting targets to reduce our emissions to a net zero carbon position by 2030 	

<p>Investors</p>	
<p>Engagement interactions</p> <ul style="list-style-type: none"> Regular communication with the ISG Group and Company's ultimate controlling party, William Harrison (ISG Limited's Board Chairman) and the Cathexis Group Quarterly Business Reviews with the ISG Group management Monthly trading updates 	<p>Outcomes from engagement</p> <ul style="list-style-type: none"> Involvement in all key commercial and strategic decisions of the Group
<p>Effects of engagement on Directors decisions:</p> <ul style="list-style-type: none"> Directors decisions are aligned with investor expectations and risk profile 	

<p>Financial institutions</p>	
<p>Engagement interactions</p> <ul style="list-style-type: none"> Regular meetings with banks, bondsmen and credit insurers by ISG's CFO and the Treasury team Informal conversations with each institution during the year, covering a range of topics but including this year's key item of providing updates on the impact of COVID-19 on the Group, and the mitigation actions taken by management. Annual meetings with banks and bondsmen to present strategy and forward-looking plans in addition to monthly performance reporting 	<p>Outcomes from engagement</p> <ul style="list-style-type: none"> Opportunities to discuss the industry landscape and market environment Banks and bondsmen able to broaden their understanding of ISG's performance and operations Continued support from the institutions throughout this difficult year
<p>Effects of engagement on Directors decisions:</p> <ul style="list-style-type: none"> Decision to increase the Group's capacity of the performance of bond lines, supporting sustainable growth of the business 	

Streamlined Energy & Carbon Reporting

The Company's energy and carbon disclosures are included in the disclosure of the ISG Limited group in The ISG Limited Annual Report 2020. This report can be obtained as described in note 26.

Brexit

The UK left the European Union on 31 January 2020, however we continued to operate under EU regulations during the transition period which ended on 31 December 2020. During this transition period the Company, as part of the ISG Group, monitored the negotiations and planned for potential outcomes. A full assessment of the potential risks posed by a 'no deal' outcome was undertaken with subject matter experts across the business and changes were made to our operating practices as required to mitigate this worst case scenario. With a last-minute deal being struck much of the potential disruption was mitigated. Brexit related issues continue to be monitored by the Company.

Further detail on the group wide preparations for Brexit are disclosed in the ISG Limited Annual Report 2020 which can be obtained as described in note 26.

Approval

This Strategic Report was approved by order of the Board on 7 May 2021.



Matthew Blowers
Director

ISG Retail Limited

Directors' Report for the year ended 31 December 2020

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Directors

The Directors of the Company throughout the year were:

M C J Blowers

M Cesenek (Appointed on 22 February 2021)

K P Dengate

A K Down

D G Entwistle

N M Starkey

Directors' Indemnity insurance

The directors have the benefit of an indemnity from the Company in respect of liabilities incurred as a result of their office. This indemnity is provided under the Company's Articles of Association and satisfies the indemnity provisions of the Companies Act 2006.

The Company has taken out an insurance policy in respect of those liabilities for which the directors may not be indemnified. Neither the indemnity nor the insurance provides cover in the event that a director is proved to have acted dishonestly or fraudulently.

Principal Activities

The principal activities of the Company are to operate as a main contractor in the construction industry and to undertake fit out and refurbishment of properties throughout the UK. The Directors do not expect that there will be any significant changes to the principal activity of the company in the foreseeable future.

Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

Review of Business and Likely Future Developments in the Business of the Company

Information on the review of the business and likely future developments in the business of the Company has been included in the Strategic Report on page 3.

Financial Risk Management Objectives and Policies

Price risk

Price risk is the risk that changes in the market, such as foreign exchange rates and interest rates, will affect the Company's pricing and hence income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies such as Standard and Poor's, Moody's and Fitch. No material credit exposure is permitted to a financial institution with a rating lower than BBB- or equivalent. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

Liquidity and cash flow risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring bank covenant compliance, forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. An ISG Group Company can also request financing from ISG Group.

A daily cash flow forecast for the next four weeks is prepared on a weekly basis and a twelve-month forecast is produced monthly. These forecasts are reviewed at company and Group level.

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Directors' Report for the year ended 31 December 2020 (*continued*)

Additionally, there is a detailed review of the assumptions underpinning these forecasts by Group Finance. Minimum cleared cash levels have been imposed on each subsidiary company and actual balances are monitored against the minimum levels on a daily basis. In addition, the top and bottom ten cash contracts by company are reviewed at company and Group level on a monthly basis. Further details relevant to the Company's liquidity position and its status as a going concern are included within the Strategic Report, and also with the significance of the potential impact of COVID-19 to the Company, see note 1.

Information on the financial risks of the Company has been included in the Strategic Report under 'Principal risks and uncertainties' on pages 4 to 6.

Dividends

Dividends of £7,196k were paid to the ordinary shareholders during the year (2019: £7,346k).

Donations

No political donations were made during the year (2019: £nil). Charitable donations of £2,832 were made during the year (2019: £23,768).

Going Concern

Information on the business environment in which the Company operates, including the factors that are likely to impact the future prospects of the Company, are included within various sections of the Strategic Report, and the risks and opportunities section. The financial position of the Company, its cash flows, liquidity position and debt facilities are described in the financial review. In addition, the financial statements set out the Company's objectives, policies and processes for managing its capital, financial risks, financial instruments and hedging activities, as well as its exposure to credit risk and liquidity risk.

The Directors have prepared cash flow forecasts for the Company for a period in excess of twelve months from the date of approval of these financial statements. These forecasts are based on the Company's existing forward order book and workload together with assumptions in respect of new business. They reflect an assessment of current and future market conditions and risks and uncertainties in the business, their impact on the Company's trading performance, and the actions taken by management in response to current market conditions. The forecasts completed on this basis demonstrate that the Company will be able to operate with its available resources. In addition, management has considered various mitigating actions that could be taken if future market conditions deteriorate beyond their current assessment.

Based on the exercise described above, the Directors have a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Company.

Employment Policy

Employment of disabled persons

At ISG, we are fully committed to equality in the workplace and engage, promote and train staff on the basis of their capabilities, qualifications and experience without discrimination of any kind. This is underpinned by the policies and practices embedded within the Company. All employees receive equal opportunity to progress within the Company ensuring we have access to the widest talent pool. We make reasonable adjustments to the business premises and working arrangements for disabled applicants and employees, including employees who become disabled during their employment.

Employee Involvement

At ISG, employee engagement is very important to us and we actively seek the views and opinions of our staff through our global employee engagement survey. Staff participation is encouraged at many levels, such as choosing our UK Charity Partner or recognising colleagues for our global values awards. Our Company intranet provides a wider platform to share information throughout the business and we have in place multiple communication channels which allows us to ensure information flows freely throughout the organisation. We also encourage employees to support both their local and our global community and we endeavour to do this by promoting apprenticeships with our supply chain partners and within our own operations, engaging with schools, colleges and universities to promote and support, learning and employability, targeting hard to reach groups to promote social inclusivity and targeting under-represented groups to enhance diversity in the industry. To support the above aims we offer volunteering opportunities and matched charity funding to permanent employees.

ISG Retail Limited

Directors' Report for the year ended 31 December 2020 (*continued*)

Environmental reporting

The Board is committed to ensuring that the Company continues to fulfil its environmental compliance obligations and to take every reasonable measure to conduct its business activities in a safe and responsible manner. The Company aims to minimise negative impact and, where possible provide positive enhancements to the environment. Further details can be found in strategic report.

Directors' Responsibilities

The Directors are responsible for preparing the strategic report, 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), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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 judgements 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; 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.

Auditor's Approval

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the Company's auditor is unaware.

Approval

This Directors' report was approved by order of the Board on 7 May 2021.



Nicholas Heard
Company Secretary

ISG Retail Limited

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISG RETAIL LIMITED

Opinion on the 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 2020 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.

We have audited the financial statements of ISG Retail Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ISG Retail Limited

Independent Auditor's Report (*continued*)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006. The procedures carried out included:

- discussion with management, internal audit and the Company's in-house legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- consideration of management's controls designed to prevent and detect irregularities;

ISG Retail Limited

Independent Auditor's Report (*continued*)

- review of the financial statement disclosures to underlying supporting documentation;
- assessment of matters reported on the Company's whistleblowing helpline and the results of management's investigation of such matters;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting and impairment of goodwill and intangible assets; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
7 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ISG Retail Limited

Income Statement for the year ended 31 December 2020

	Note	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Revenue	3	332,866	279,473
Cost of Sales		(310,140)	(259,359)
Gross profit		22,726	20,114
Royalty charges		(3,351)	(2,794)
Administrative expenses		(9,397)	(8,683)
Other operating income	8	591	-
Profit from operations before exceptional administrative expenses	4-7	10,569	8,637
Exceptional administrative expenses	4	(396)	-
Profit from operations	4-7	10,173	8,637
Income from shares in group undertakings	9	-	378
Interest receivable and similar income	10	142	307
Interest payable and similar charges	11	(113)	(100)
Profit on ordinary activities before taxation		10,202	9,222
Taxation on profit on ordinary activities	12	(1,956)	(1,696)
Profit for the financial year		8,246	7,526
Total comprehensive income for the year		8,246	7,526

The accompanying notes on pages 19 to 34 form part of the financial statements.

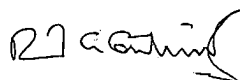
ISG Retail Limited

Balance Sheet at 31 December 2020

Company number 02721627

	Note	31 December 2020 £'000	31 December 2019 £'000
Non-current assets			
Tangible assets	14	3,799	4,283
Debtors due over one year	17	1,493	1,735
Investment in subsidiary undertakings	15	-	-
		<u>5,292</u>	<u>6,018</u>
Current assets			
Stocks	16	71	19
Debtors due within one year	17	95,701	90,344
Cash at bank and in hand		21,064	18,179
		<u>116,836</u>	<u>108,542</u>
Current liabilities			
Creditors: amounts falling due within one year	19	(98,477)	(91,333)
Lease liabilities	20	(612)	(551)
		<u>(99,089)</u>	<u>(91,884)</u>
Net current assets		<u>17,747</u>	<u>16,658</u>
Non-current liabilities			
Creditors: amounts falling due after one year	19	(478)	(880)
Lease liabilities	20	(2,828)	(3,113)
		<u>(3,306)</u>	<u>(3,993)</u>
Net assets		<u>19,733</u>	<u>18,683</u>
Capital and reserves			
Share capital	21	15	15
Capital redemption reserve	22	60	60
Retained earnings	22	19,658	18,608
		<u>19,733</u>	<u>18,683</u>
Shareholders' funds		<u>19,733</u>	<u>18,683</u>

The financial statements were approved and authorised for issue by the Board of Directors on 7 May 2021 and were signed on its behalf by:



David Entwistle
Director

The accompanying notes on pages 19 to 34 form part of the financial statements.

ISG Retail Limited

Statement of Changes in Equity for the year ended 31 December 2020

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 1 January 2019	15	60	18,428	18,503
Profit and other comprehensive income for the year	-	-	7,526	7,526
Dividends (note 13)	-	-	(7,346)	(7,346)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2019	15	60	18,608	18,683
Profit and other comprehensive income for the year	-	-	8,246	8,246
Dividends (note 13)	-	-	(7,196)	(7,196)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2020	15	60	19,658	19,733

The accompanying notes on pages 19 to 34 form part of the financial statements.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principle accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- certain disclosures required under IFRS 15 Revenue from Contracts with Customers including details of changes in contract assets and liabilities and details of incomplete performance obligations;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by ISG Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of ISG Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

The financial statements of ISG Limited can be obtained as described in note 26.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Exemption from preparation of consolidated financial statements

The financial statements contain information about ISG Retail Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA accounts of a larger group.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have prepared cash flow forecasts for the Company for a period in excess of twelve months from the date of approval of these financial statements. These forecasts are based on the Company's existing forward order book and workload together with assumptions in respect of new business, as well as including assessments of current and future market conditions and other risks and uncertainties in the business. The forecasts completed on this basis demonstrate the Company will be able to operate within its current resources. In addition, the Directors have also considered various mitigation actions that may be taken in the event that future market conditions deteriorate. These mitigating steps include cash management within management's control to improve working capital, reduction or deferral strategies for operating and capital expenditure. With these factors considered the Directors believe that the Company is well placed to manage the current business risks.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

Revenue Recognition

Revenue represents the fair value of consideration received or receivable for goods and services provided to external customers, net of trade discounts and excluding value added tax and similar sales-based taxes. The Company recognises revenue based on when customers obtain control of goods or services. Contracts are typically accounted for as a single performance obligation; even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract given that each is highly interdependent on the other.

Long-term contracts

Revenue from long-term contracts (including construction contracts) includes the amount initially agreed in the contract, plus any variations in contract work to the extent that it is highly probable that the variation will result in revenue that can be reliably measured (usually when instructions have been received from the client), plus any claim recoveries to the extent that negotiations have reached an advanced stage such that it is highly probable that the customer will accept the claim and the amount can be reliably measured. Management does not expect a financing component to exist. Revenue relates to the creation or enhancement of construction assets, which the customer controls, as the asset is created.

The Company has chosen to use an output method to measure progress for contracts where revenue is recognised over time. The revenue recognised reflects the value of the contract at the reporting date, with reference to a survey of work performed. Normally the survey is conducted by a third party and a valuation certificate received. Internal valuations are also used. The value of work carried out during the period includes amounts which have not been invoiced at the period end. This method, the output method, has been deemed the most appropriate method of contract progression.

Where the outcome of the contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred, where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. Contract costs include costs that relate directly to the specific contracts and costs that are attributable to contract activity in general and can be allocated to the contract.

Full provision is made for all known or expected losses on individual contracts immediately, once such losses are foreseen.

The gross amount due from customers for contract work is shown as a receivable. The gross amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as a liability. Amounts recoverable on construction contracts are stated at cost plus the profit attributable to that contract, less any impairment losses. Progress payments for contracts are deducted from amounts recoverable. Payments in advance on contracts represent amounts received in excess of revenue recognised on contracts.

Royalties

Royalty costs are recognised on an accruals basis in accordance with the substance of the relevant underlying agreements.

Government Grant Income

Government grant income is considered compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity and is recognised in profit or loss of the period in which it becomes receivable. During 2020 the Company has taken advantage of the Government Coronavirus Job Retention Scheme which are not repayable and reported these amounts as a credit under Other operating income in Income statement for the year. Amounts received as grant income is disclosed in Note 8.

Retirement benefits

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Tangible assets

Tangible assets are stated at historical cost net of any accumulated depreciation and any recognised impairment loss. Cost includes expenditure associated with bringing the asset into use.

Depreciation is provided to write off the costs of assets to their residual value in equal annual instalments over the estimated useful economic lives of those assets. The estimated useful lives are as follows:

Leasehold improvements	-	Straight line over the life of the lease
Plant and machinery	-	20% per annum straight line
Office equipment	-	20-33% per annum straight line
Motor vehicles	-	25% per annum straight line

Stocks

Stocks are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition as follows:

- Raw materials – purchase cost determined on a first in-first out basis (FIFO).
- Work in Progress and Finished Goods – cost of direct materials and labour plus a measure of attributable overheads which is based on the normal level of activity of the business.

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset only when the contractual rights to the cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. A financial liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

The principal financial assets and liabilities of the Company are as follows:

(a) Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost, less any impairment.

In relation to trade receivables, a provision for expected credit losses is made based on an assessment of credit risk and aging. The carrying amount of the receivables is reduced through use of an allowance provision account. The expense recognised on creating the provision is recognised within administrative expenses in the income statement. Impaired debts are derecognised when they are assessed as uncollectible.

If collection is expected in more than one year, receivables are classified as non-current assets and are adjusted for the time value of money.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term highly-liquid investments that are readily convertible (with a maturity of three months or less) to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

(c) Trade payables

Trade payables are not interest bearing and are recognised at fair value and subsequently measured at amortised cost.

(d) Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Impairment of financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. During the reported periods the Company only had assets in the amortised cost category.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost being the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Provisions

The Company has recognised provisions for liabilities of uncertain timing or amount. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Taxation

The Company's tax charge is the sum of the total current and deferred tax charges. Current tax is the tax payable on the taxable profits for the period and any adjustment in respect of prior periods.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

The Company has made claims for repayable tax credits for qualifying research and development expenditure in the UK under the Finance Act 2013 ("RDEC") in prior years and it will continue to do so for the current and future years in accordance with the relevant HM Revenue and Customs regulations. The credit is calculated as a percentage of the qualifying R&D expenditure at a current rate of 12.75%. The credit is recorded as income within profit before tax (as part of cost of sales), netted against the relevant research and development expenditure.

Deferred tax liabilities are recognised in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial and reporting purposes and the amounts used for taxation purposes. The recognition of deferred tax assets is based upon whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the tax assets in the future. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets and liabilities are offset to the extent they arise from the same tax jurisdiction.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity.

Dividends payable

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Leases

At inception of a contract the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to use the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2 Critical accounting estimates and judgements

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities, the amount of income and expenditure recognised in the period and the disclosure of contingent liabilities. Actual results may differ from these estimates. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Going Concern

The Company's decision to continue to use the going concern basis for the preparation of the financial statements is supported by profit budgets and cashflow forecasts. Management's assumptions are used as the basis for these budgets and forecasts. Estimation has been used within the budgets and forecasts around the timing and amount of profit recognition and cash in and outflows. See the accounting policies (note 1) for an understanding of the considerations for these forecasts.

Revenue and profit/margin recognition

The Company revenue recognition and long-term construction and service contracts' policies are set out in Note 1 above. These policies are central to the way in which the Company values the work it has carried out at each reporting date and the estimation of the percentage completion of the contract. These policies require forecasts to be made of the outcome of long-term construction and service contracts, and require assessments and assumptions to be made on the recovery and agreement of pre-contract costs, variations in work scopes, claim recoveries, expected contract costs to complete and the progress on contract programmes. These forecasts require a degree of estimation.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

2 Critical accounting estimates and judgements (continued)

The estimation of final contract value may include assessment of the recovery of variations or claims which are not yet agreed with the customer. These are assessed against the requirements of IFRS 15 and revenue for variations or claims is recognised when it is highly probable to be agreed which involves judgements around the Company entitlement to revenue. Any amount of revenue recognised is restricted to the amounts that the Company considers is highly probable of not being subject to significant reversal and adjustments are made for any expected contractual delay deductions. On a number of contracts, work is completed on a cost-plus basis, so the element of revenue and profit margin uncertainty is reduced for these contracts.

The Company has appropriate control procedures in place to ensure revenue and cost estimates are calculated on an appropriate basis for each contract. In many cases revenue assessments are validated by third-party surveyors on behalf of customers who certify the value of work performed. There remains an element of estimation uncertainty over the agreement of final accounts in relation to both revenue and costs but this is reduced by the experience of the management teams in place and the internal review processes relating to individual contracts.

Impairment of group debtor balances

Group debtor balances are reviewed regularly by the directors for any evidence of impairment. The review will consider numerous factors including the underlying net assets, projected earnings, and likely future cash inflows of the respective entities. Where it is considered that the recoverable amount is lower than the carrying value, any impairment is recognised in the income statement.

Recoverability of trade debtors

The age, nature and recoverability of all debtors and amounts recoverable on long-term contracts are reviewed regularly by management and provisions made where appropriate.

3 Revenue

	2020	2019
	£'000	£'000
All revenue arises from provision of construction of services. Revenue is generated in:		
United Kingdom	328,688	279,157
Rest of the world	4,178	316
	<u>332,866</u>	<u>279,473</u>

4 Profit from operations

	2020	2019
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Staff costs (see note 6)	25,476	23,624
Depreciation of tangible assets (note 14)	956	877
Research and development expense	1,375	1,067
Research and development expenditure credit	(165)	(128)
Short-term lease expense	36	77
Low value lease expense	91	64
Other operating income	(591)	-
Exceptional administrative expenses	396	-
	<u>332,866</u>	<u>279,473</u>

The exceptional administrative expenses amounting to £396k relates to non-recurring restructuring costs incurred in 2020. This has been paid in full in 2020.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

5 Auditor remuneration	2020 £'000	2019 £'000
Audit fees	91	91

Fees paid to the Company's auditor, BDO LLP, and its associates for services other than the statutory audit of the company are not disclosed in the Company's accounts since the consolidated accounts of ISG Limited are required to disclose non-audit fees on a consolidated basis.

6 Employees	2020 £'000	2019 £'000
Wages and salaries	21,651	20,264
Severance payments	333	38
Social security costs	2,605	2,484
Staff pension contributions	887	838
	25,476	23,624

A defined contribution pension scheme is operated by the company on behalf of the employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge, recognised in the income statement account, represents contributions payable by the company to the fund amounting to £887k (2019: £838k).

Average monthly number of persons (including directors) employed by the Company during the year:

	2020 Number	2019 Number
Administrative	47	45
Operations	337	301
	384	346

7 Directors' emoluments	2020 £'000	2019 £'000
Directors' Emoluments	674	780
Company's contributions to money purchase pension schemes	36	36
	710	816

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

7 Directors' emoluments (continued)

Directors' emoluments (excluding social security costs) include £137k (2019: £271k) of short-term employee benefits (including any bonuses). During the year, contributions were paid on behalf of three (2019: three) directors under a defined contribution scheme.

Two (2019: five) of the directors are employed by ISG Central Services Limited or ISG Interior Services Group UK Limited and their remuneration is charged to and disclosed in the financial statements of those companies.

Amounts payable to the highest paid director were as follows:

	2020 £'000	2019 £'000
Short-term employee benefits	288	373
Pension contributions	20	23
	<u>308</u>	<u>396</u>
8 Other operating income		
	2020 £'000	2019 £'000
Income from government grants	591	-
	<u>591</u>	<u>-</u>
9 Income from shares in group undertakings		
	2020 £'000	2019 £'000
Dividend Income	-	378
	<u>-</u>	<u>378</u>
10 Interest receivable and similar income		
	2020 £'000	2019 £'000
Interest receivable from group undertakings	142	307
	<u>142</u>	<u>307</u>
11 Interest payable and similar charges		
	2020 £'000	2019 £'000
Interest expense on lease liabilities	113	100
	<u>113</u>	<u>100</u>

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

12 Tax expense

	2020 £'000	2019 £'000
Total current tax expense		
Current tax charge on profits during the year	1,646	1,690
Adjustment for prior periods	309	(1)
	<hr/>	<hr/>
Total current tax	1,955	1,689
Deferred tax expense		
Adjustments relating to prior years (note 18)	(206)	(12)
Current period charge (note 18)	214	19
Change in tax rate	(7)	-
	<hr/>	<hr/>
Total tax expense	1,956	1,696
	<hr/>	<hr/>

The current tax charge for the period to 31 December 2020 is calculated at a rate of 19.00% (2019: 19.00%) payable by corporate entities in the United Kingdom on taxable profits under law in that jurisdiction.

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year ended are as follows:

	2020 £'000	2019 £'000
Profit before income taxes	10,202	9,222
	<hr/>	<hr/>
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 19.00% (2019: 19.00%)	1,938	1,752
Dividend income not taxable	-	(72)
Expenses not deductible for tax purposes	2	3
Adjustment to prior period deferred tax provision	(206)	(12)
Adjustment for under/(over) provision in previous periods	309	(1)
Effects of other tax rates and credits	(118)	1
Effects of deduction in relation to research and development expenditure	31	25
	<hr/>	<hr/>
Total tax expense	1,956	1,696
	<hr/>	<hr/>

Changes to corporation tax rates

Deferred tax that is expected to reverse in future periods has been calculated using rates that were substantively enacted at 31 December 2020. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 therefore remained at 19 percent, rather than the previously enacted reduction to 17 percent. In line with this change, the deferred tax balances have been re-measured to 19 percent.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

13 Dividends

	2020 £'000	2019 £'000
Dividend of £479.73 (2019: £489.73) per ordinary share paid during the year	7,196	7,346

14 Tangible assets

	Leasehold Improvement £'000	IT & Office Equipment £'000	Motor Vehicles £'000	Total £'000
Cost or valuation				
Balance at 1 January 2020	5,172	1,988	440	7,600
Additions	47	86	233	366
Disposals	-	(131)	(79)	(210)
Lease modification	132	(26)	-	106
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	5,351	1,917	594	7,862
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
Balance at 1 January 2020	1,672	1,456	189	3,317
Depreciation charge for the year	624	175	157	956
Disposals	-	(131)	(79)	(210)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	2,296	1,500	267	4,063
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2020	3,055	417	327	3,799
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	3,500	532	251	4,283
	<hr/>	<hr/>	<hr/>	<hr/>

ISG Retail Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2020 (continued)

14 Tangible assets (continued)

Right-of-use assets

Included within tangible assets are right-of-use assets, which consist of assets arising from operating lease arrangements accounted for under IFRS 16, finance lease agreements and hire purchase agreements:

	Leasehold Improvements £'000	Motor Vehicles £'000	Total £'000
Carrying value at 1 January 2020	3,273	251	3,524
Additions	-	233	233
Lease modification	132	(26)	106
Depreciation charge for the period	(490)	(157)	(647)
Carrying value at 31 December 2020	2,915	301	3,216

Short-term lease expense and low value lease expense are disclosed in note 4. Interest expense on lease liabilities are detailed in note 11. Lease liabilities are disclosed in note 20.

15 Investment in subsidiary undertaking

Cost and Carrying amount

At 1 January 2020 and 31 December 2020

£

1

Subsidiary undertakings

The principal undertakings in which the company's interest at the year-end is 20% or more is as follows:

Name	Country of Incorporation and registered address	Proportion of Voting rights and ordinary share capital held	Nature of business
Realys Limited	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	100% 1 ordinary share of £1	Non trading

As at 31 December 2020, the aggregate capital and reserves of Realys Limited was £1,072k (2019: £1,075k).
The Company made £nil pre-tax profit for the year (2019: pre-tax profit of £625k).

16 Stocks

	31 December 2020 £'000	31 December 2019 £'000
Work in progress	71	19

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

19 Creditors

	31 December 2020 £'000	31 December 2019 £'000
Creditors: amounts falling due within one year		
Trade creditors	23,837	25,065
Contract accruals	55,080	43,818
Amounts owed to group undertakings	2,701	2,525
Amounts due to construction contract customers	6,131	5,402
Accruals and deferred income	1,350	4,778
Other creditors	334	112
Corporation tax	4,619	2,752
VAT	2,449	5,953
Other taxes and social security	1,976	928
	<u>98,477</u>	<u>91,333</u>

Amounts owed to group undertakings are repayable on demand.

Creditors: due after more than one year

Trade creditors	<u>478</u>	<u>880</u>
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20 Lease liabilities

	31 December 2020 £'000	31 December 2019 £'000
Lease liability maturity analysis – contractual undiscounted cash flows		
Due within one year	709	702
Due within two to five years	2,458	2,979
Due after five years	592	1,267
Total undiscounted lease liabilities at 31 December 2020	<u>3,759</u>	<u>4,948</u>
Lease liabilities included in the balance sheet		
Current	612	551
Non-current	2,828	3,113
	<u>3,440</u>	<u>3,664</u>

Other details relating to these leases are disclosed in the financial statements as follows: Short-term lease expense, Low value lease expense and Expense relating to variable lease payments not included in the measurement of lease liabilities are disclosed in note 4. Interest expense on lease liabilities are detailed in note 11. Right-of-use assets are disclosed in note 14.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

21 Share capital

Authorised

	31 December 2020 Number	31 December 2020 £'000	31 December 2019 Number	31 December 2019 £'000
Ordinary shares of £1 each	140,000	140	140,000	140

Allotted, called up and fully paid

	31 December 2020 Number	31 December 2020 £'000	31 December 2019 Number	31 December 2019 £'000
Ordinary shares of £1 each	15,000	15	15,000	15

22 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.

23 Capital and other commitments

	31 December 2020 £'000	31 December 2019 £'000
Capital expenditure commitments not provided for in these financial statements:		
Amounts committed	-	-

24 Contingent liabilities

There are Group cross guarantees from the company with certain affiliates for all monies due to certain of the Group's banks and surety lenders. No monies were outstanding as at 31 December 2020. In the normal course of business there are contingent liabilities including the provision of bonds in respect of completed and uncompleted contracts. Bonds are treated as contingent liabilities until such time as it becomes probable payment will be required under the terms of the bond agreement. The total amount of such bank and surety bonds in issue at 31 December 2020 was £27.1m (2019: £18.7m).

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2020 (continued)

25 Related party transactions

The names of the other group companies are shown in the accounts of ISG Limited. The Company has taken advantage of the exemption available under FRS 101: 8(k) not to disclose transactions with entities that are part of a group where consolidated accounts of the group are publicly available.

One of the properties occupied by the Company is co-owned by one the directors of the Company.

Members of some directors' families have been employed during the year on an arm's length basis in the normal course of business.

Related party relationship	Type of transaction	Transaction amount		Balance owed	
		2020 £'000	2019 £'000	31 December 2020 £'000	31 December 2019 £'000
Director - member of GK Realty LLP	Rental of property owned by GK Realty LLP	173	173	-	-
Close members of the directors' families	Services provided to the Company in role as employees	163	125	-	(7)
		<u>163</u>	<u>125</u>	<u>-</u>	<u>(7)</u>

26 Ultimate parent company and control

The immediate parent company is ISG UK Retail Limited, a company incorporated and registered in the UK. The company's ultimate parent company is Cathexis Holdings LP, a company incorporated and registered in the United States.

The largest group of undertakings for which group accounts are drawn up and of which the company is a member is the group headed by Cathexis Holdings LP. The smallest such group is the group headed by ISG Limited, a company incorporated and registered in the United Kingdom with registered address of Aldgate House, 33 Aldgate High Street, London, United Kingdom, EC3N 1AG. Copies of the group financial statements of ISG Limited are available from Companies House. The ultimate controlling party is W B Harrison by virtue of his beneficial interests in the ultimate parent company.