Annual Report 2020

Scan to read our stories:

Our vision is to become the world's most dynamic construction services company, delivering places that help people and businesses thrive.

2020 at a glance

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Key achievements

Achieving industry recognition

During 2020, we further cemented our reputation in the market, picking up a series of awards including Building magazine's Major Contractor of the Year award, the Education Estates Contractor of the Year award, and the Fit Out Contractor of the Year award at the Big Project Middle East Awards. A great recognition of the calibre of our teams and the work we do for our clients.

Delivering big

We reinforced our reputation for delivering large-scale projects worldwide, with a portfolio of work during 2020 that included large office projects for our technology, media and telecom clients in Europe, major health facilities in the UK, and the successful completion of our tenth hyperscale datacentre in Europe. We also successfully secured ISG's largest-ever project in the UK – Britishvolt's battery manufacturing gigaplant in the north of England.

Protecting the safety and well-being of all

Safety and well-being took centre stage in 2020 and ISG's teams rose to the challenge, reimagining our standard processes and procedures in response to the pandemic, with a resulting app that was shared with the industry via Build UK. We also worked closely with our UK charity partner, Mental Health UK, to offer advice, resources and support to ISG employees and subcontractors worldwide in managing their mental well-being at a time of heightened stress for many.

NPS +73

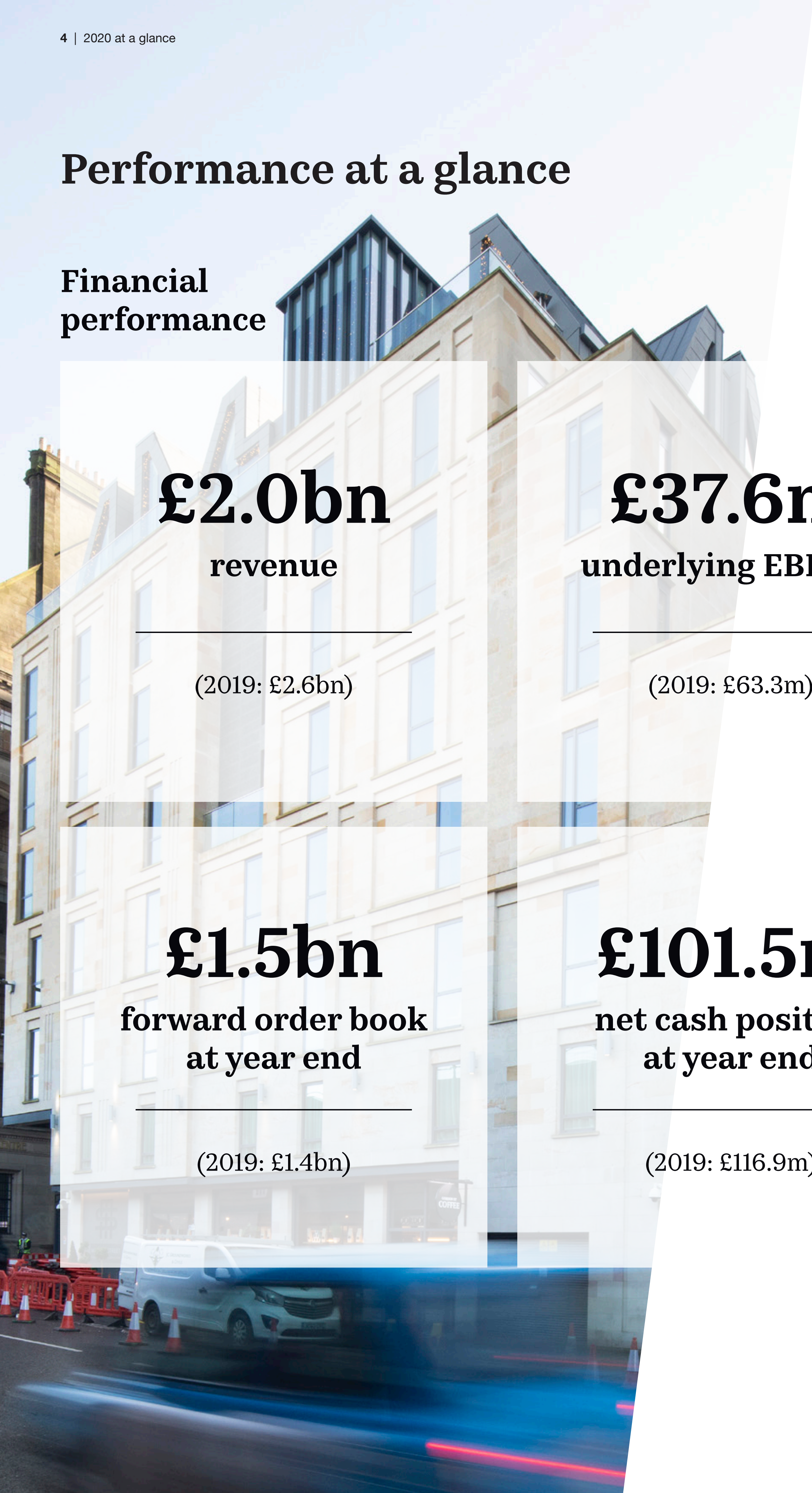
Strengthening client relationships

We achieved a Net Promoter Score of +73, an average customer satisfaction score of 89%, and 65% of revenue was from repeat customers – all increases on 2019 and a great reflection of the strength of our client relationships across the business. Among the reasons for this success, our swift response to the pandemic meant projects were able to continue with minimal disruption. We also developed our customer experience (CX) programme to provide easier access to overall data and trends to drive continuous improvement.

THE SUNDAY TIMES
25
BEST BIG COMPANIES
TO WORK FOR
2020

Investing in our people

ISG's ongoing investment in its people resulted in us being placed 17th on The Sunday Times 'Top 25 Best Big Companies to Work For' list in 2020. Our focus on clear and open employee engagement throughout 2020 meant that, despite the pressures of COVID-19, a survey of employees in October 2020 found that 76% were satisfied with the way the business leaders had managed the company and people during the pandemic, and 82% with how ISG communicated during that time.



Performance at a glance

Financial performance

£2.0bn
revenue

(2019: £2.6bn)

£37.6m
underlying EBITDA

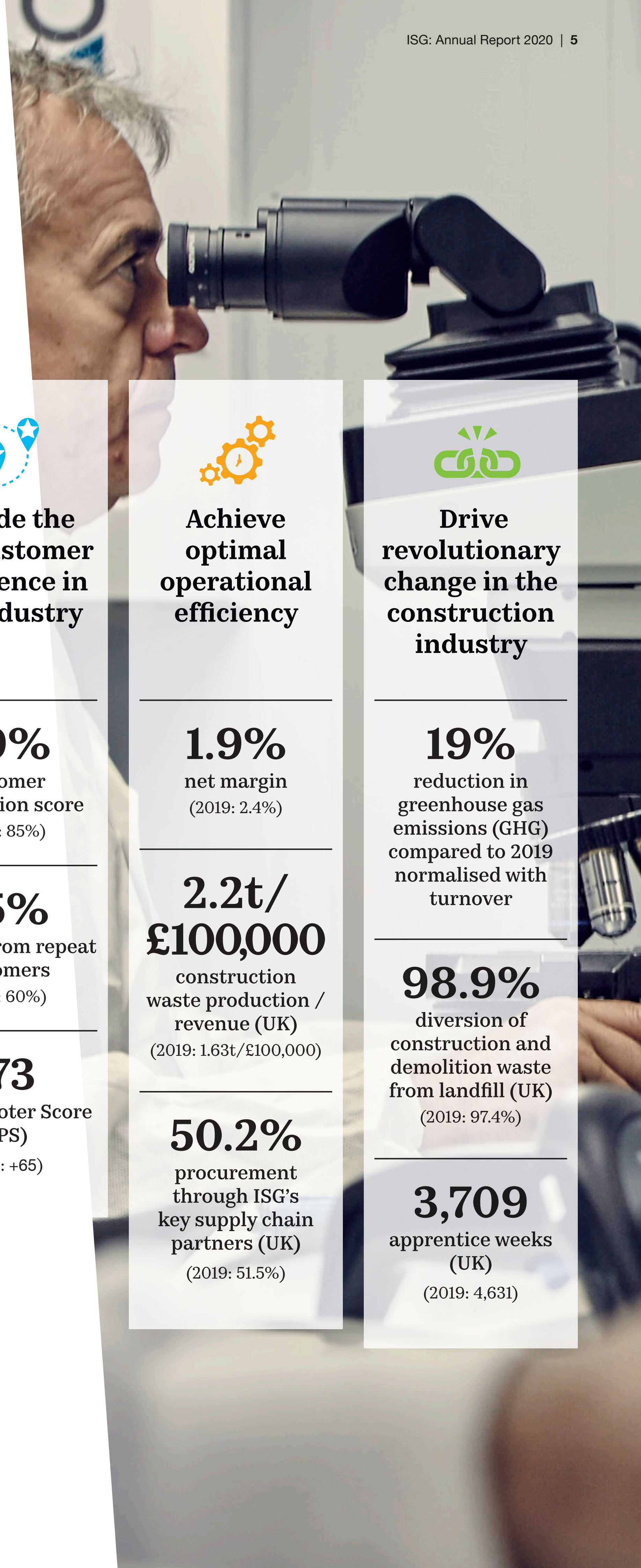
(2019: £63.3m)

£1.5bn
forward order book at year end

(2019: £1.4bn)

£101.5m
net cash position at year end

(2019: £116.9m)



Performance against strategic goals

Offer an unbeatable employment experience

76%
employees satisfied with how business leaders managed the company during the pandemic

82%
employees satisfied with how ISG communicated during the pandemic

17th
on The Sunday Times 'Top 25 Best Big Companies to Work For' list

0.82
Accident Incident Rate (AIR)
(2019: 1.74)

Provide the best customer experience in our industry

89%
customer satisfaction score
(2019: 85%)

65%
revenue from repeat customers
(2019: 60%)

+73
Net Promoter Score (NPS)
(2019: +65)

Achieve optimal operational efficiency

1.9%
net margin
(2019: 2.4%)

2.2t/£100,000
construction waste production / revenue (UK)
(2019: 1.63t/£100,000)

50.2%
procurement through ISG's key supply chain partners (UK)
(2019: 51.5%)

Drive revolutionary change in the construction industry

19%
reduction in greenhouse gas emissions (GHG) compared to 2019 normalised with turnover

98.9%
diversion of construction and demolition waste from landfill (UK)
(2019: 97.4%)

3,709
apprentice weeks (UK)
(2019: 4,631)

Confidential client, Barcelona, Spain

Strategic report


The power
of place
Scan to read
our report:

Message from our CEO

Just over a year ago, our operations in Asia started to be affected by a new virus called COVID-19. Within days, the same was true for our businesses in the UK, across continental Europe and in the Middle East. In line with this, construction sites around the world were forced to close while we – and our peers – worked out how they could be made safe. Some projects were put on hold, or start times delayed, by clients concerned by the uncertainty.

In contrast, we had ended 2019 with record profits, having surpassed our goal of £50.0m pre-tax profit two years ahead of time. As predicted in last year's Annual Report, our robust financial position going into 2020 has held us in good stead. So while our revenue is down at £2.0bn (2019: £2.6bn) and underlying EBITDA reduced to £37.6m (2019: £63.3m), we maintained our position of having zero debt and a healthy forward order book which, at the end of 2020, stood at £1.5bn (2019: £1.4bn).

Evidently, COVID-19 did affect our results. But as CEO, I look back on 2020 with a sense of pride that we stayed profitable, maintained our zero-debt position and still progressed towards our 'All 4 by 24' strategy in a measurable way. ISG is a resilient business, and despite everything that was going in the world, our goal of increasing our repeat business through offering an excellent customer experience was achieved, and our repeat business figure now stands at 65% (2019: 60%). Another cornerstone of our strategy is to offer an unbeatable employment experience, and we made significant progress by being placed 17th on The Sunday Times 'Top 25 Best Big Companies to Work For' list early in 2020. Like every employer, we had to make some tough decisions in 2020 as a result of the pandemic, but I am confident that we made all of them in line with our values. I am incredibly proud of all our people for the dedication they showed throughout 2020.

One of those values is 'Never stop learning', and 2020 was a year when our agile culture came to the fore. We very quickly developed new tools, such as a health and safety app, which is held up as an example of industry best practice. We shared the app with our peers across our sector. Looking across construction, 2020 was the year ISG got recognition. In the UK, we were the winner of Building magazine's Major Contractor of the Year award. Also in the UK, we were awarded the Education Estates Contractor of the Year award, while in the Middle East, we won the coveted Fit Out Contractor of the Year award at the Big Project Middle East Awards.

Typical of our agility, we have moved with a fast-changing market. We continue to lead the office and retail markets, and have produced a series of thought-leadership events, research and insight papers and articles, including 'The power of place', which gave a glimpse of what the industry believes will be the effect of COVID-19 on the workplace.

Our resilience is typified by the significant progress we have made in logistics and distribution, datacentres, public and high-tech manufacturing sectors – with the latter sector seeing us awarded the Britishvolt battery gigafactory towards year end.

The ISG of today is placed in growing sectors, being selected for hyperscale projects and is working with a select number of blue-chip clients that want to work with us for the long term, in collaborative partnerships. We expect 2021 will see us return to similar financials to our record year in 2019, before returning to significant growth in 2022.

ISG today is focused on the future. We have doubled our investment in recruiting young people, while also investing significantly in operational excellence. As CEO, I believe the construction industry and the role of the major contractor is on the cusp of a change. Sustainability, technology, Modern Methods of Construction (MMC) and the pursuit of excellence in our sector will all be major drivers. We have the right strategies in place to be at the forefront of the future of construction, and I am confident that ISG will go from strength to strength.

Paul Cossell
Chief Executive Officer
7 May 2021

The ISG of today is placed in growing sectors, being selected for hyperscale projects and is working with a select number of blue-chip clients that want to work with us for the long term, in collaborative partnerships.

Key external challenges

COVID-19

2020 was not the year we expected it to be, and as the pandemic began to take hold, ISG took bold action to prepare the business for what lay ahead.

Retaining our customer focus

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. This effort was noted by many clients in their feedback, and 2020 saw us achieve an 89% average customer satisfaction score – our highest-ever score.

Protecting our supply chain

Throughout 2020, 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.

Safeguarding the financial health of the business

As the pandemic really started to bite in the UK in March 2020, ISG's Statutory Board (Stat Board) introduced a series of measures designed to protect the financial health of the company. These included pausing the work of non-directly employed staff, rightsizing the business, furloughing some employees, introducing temporary pay cuts for higher earners, and deferring the payment of 2019 bonuses. These were tough decisions to make but meant we were able to weather the storm, and we finished the year with zero debt and a strong order book for 2021.

Understanding the market impact

In order to understand the potential impact of COVID-19 on the sectors we work in, we invited 200 of the construction industry's top consultants to share their opinions on how it had impacted their construction projects, as well as their predictions for recovery. The results validated that we are targeting the right sectors for growth, such as datacentres, logistics and distribution, and science and health.

Adapting to new ways of working

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.

Our health and safety team developed an app to share guidelines and information on how to work safely on site. The app has been shared with our industry peers via Build UK's COVID-19 portal, and also adapted for use by some of our education and commercial clients.

Supporting our people

Clarity, consistency and empathy remained ISG's guiding principles during the pandemic. Our comprehensive communications programme provided people with information, resources and support to help them navigate the pandemic. This included daily emails from the CEO, weekly video updates and Q&As, and a dedicated COVID-19 intranet hub.

In recognition of the mental health impacts of COVID-19, we worked closely with our UK charity partner, Mental Health UK, to offer employees support and advice, including online resources, workshops, briefings and the opportunity to take part in fundraising activities.

A survey of employees in October 2020 found that 76% of employees were satisfied with the way the business leaders managed the company and people during this time, and 82% with how ISG communicated during the pandemic.

Brexit

While the headlines may have been dominated by the pandemic, Brexit negotiations and the associated uncertainty provided a constant narrative throughout 2020.

Following earlier preparations, ISG's Brexit working group was re-formed in September 2020 as a sub-committee of ISG's Risk Committee to monitor and plan for all outcomes, meeting fortnightly to feed back progress to the Risk Committee and the Stat Board.

The Committee, in collaboration with subject matter experts from across the business, undertook a full assessment of the potential risks posed by a 'no deal' outcome, and made any changes required to mitigate this worst-case scenario.

To provide additional assurance, ISG engaged external business advisors to review the Committee's work, highlighting any potential areas of risk that had not been addressed. The experts confirmed ISG was well placed and well prepared, with plans in place across all areas that might be impacted.

Actions taken:

- **People mobility** – continually monitored requirements and shared information and guidance as necessary to ensure UK-based people could travel freely to project sites in the EU and vice versa.

- **Commercial impact** – completed a full review of all live projects to assess and mitigate any impact Brexit might have on availability and price of materials imported into the UK from the EU. Mitigation measures included bringing forward the supply date, stockpiling, or seeking alternative UK-based suppliers.

- **Driving growth** – explored opportunities to drive additional revenue growth from areas unlikely to be impacted by Brexit, such as public sector frameworks or datacentres outside Europe.

- **Supply chain readiness** – monitored readiness levels across the supply chain, identifying critical suppliers and subcontractors and providing support and guidance to help them prepare.

- **Data** – prepared for the possibility the UK is not granted 'Adequacy' status in relation to safeguarding personal information post Brexit, by introducing new contractual obligations which allow ISG, our clients and supply chain to continue to share personal data between the European Economic Area (EEA) and the UK, under the protective umbrella of the General Data Protection Regulation (GDPR).

- **Taxation** – completed a review of legal entities and potential import taxes.

- **Treasury** – ensured cash pooling systems could continue to operate post Brexit, and that the business had access to enough working capital to deliver on its strategy and complete projects uninterrupted. Considered the impact exchange rates volatility would have on the Group's assets and reported financial results.

- **Reporting and accounting** – put in place measures to account for Brexit-related issues in 2020 year-end reporting.

- **Company secretariat** – made sure that the composition of the subsidiary legal boards had the required number of nationals from the EEA, that ISG trademarks are protected, and that the correct level of insurance is in place to safeguard operations.

With an eventual last-minute deal being struck, much of the anticipated potential disruption was avoided, and there was no inflationary shock or adverse currency depreciation.

Brexit issues continue to be closely monitored by ISG's Risk Committee.

Environment and carbon

Climate change is the greatest challenge facing our planet. And as one of the biggest sources of CO_2 emissions, the built environment has a critical role to play. It is therefore unsurprising that the topic of sustainability is gaining momentum in our industry.

As a business, we are committed to achieving 'net gain' when it comes to the environmental and social impact of our own operations, and supporting our clients in their endeavours to do the same.

In order to respond to those topics that are of most interest to our clients, ISG's sustainability strategy focuses on four key areas:

- Environmental management
- Social value
- Climate change and carbon
- Circular economy

Policies covering the four key areas, each including ambitious targets, were signed off by the Stat Board in early 2021.

In terms of the environmental impact of our own operations, we have clear performance targets and made good progress during 2020, reducing our global emissions, both absolute and normalised, through our metric of tonnes per £1m revenue. Table 1 highlights these reductions.

Table 1

	2020	2019	% change
Absolute totals (tCO_2e)	7,807	12,401	-37%
Normalised totals (tCO_2e/£1m)	3.9	4.8	-19%

Table 2 details our UK emissions and energy use in accordance with Streamlined Energy and Carbon Reporting (SECR) requirements.

For calculating the carbon emissions reported, we used the internationally recognised Greenhouse Gas Protocol Corporate Accounting and Reporting Standard from the World Resources Institute and World Business Council for Sustainable Development, known as the GHG Protocol Corporate Standard. Our figures have undergone independent third-party verification (limited assurance).

Table 2

	Energy (kWh)	tCO_2e (location-based)	tCO_2e (market-based)	Operational control scope
Combustion of gaseous fuels i.e. natural gas and LPG	912,838	169	169	Scope 1
Combustion of other fuels (non-transport) i.e. red diesel, petrol, diesel, fuel oil	10,956,913	2,820	2,820	Scope 1
Business travel in rental cars or employee-owned vehicles where ISG is responsible for purchasing the fuel	7,084,425	1,777	1,777	Scope 3
Purchased electricity	9,139,403	2,131	1,232	Scope 2
Total	**28,093,579**	**6,896**	**5,997**	

Intensity ratio:

- The UK carbon emissions (location-based) by turnover intensity metric is 4.843 tCO_2e/£1m turnover.
- The UK carbon emissions (market-based) by turnover intensity metric is 4.212 tCO_2e/£1m turnover.

Some of the actions that account for this reduction in our emissions include:

- Energy consumption at our offices and sites is down due to reduced occupancy levels through the pandemic.
- An increased proportion of larger, higher value, longer duration projects resulting in:
  a) faster connection to grid energy and reduced reliance on diesel-powered site generators and plant, and
  b) more delivery staff dedicated to single sites rather than travelling to multiple projects.
- Greater use of remote working facilities through the COVID-19 pandemic.
- Use of hybrid / electric plant and machinery on sites.
- Incorporation of renewable technologies for temporary power on project sites.
- Continued procurement of renewable grid energy.

Specific to energy efficiency across our operations, we have implemented the following throughout 2020:

- Specification of A-rated energy-efficient site welfare.
- Installing energy-efficient lighting circuits that can be switched off when not in use.
- LED temporary lights with PIRs.
- Emergency and core electrical load on a separate circuit so that non-core demand can be switched off when not required.
- Requirements for heating timers, door closers etc for our site welfare facilities.

Building on our work in 2020, we will continue to evaluate industry methodologies for setting net zero carbon targets. We will also develop more granularity to our carbon data in 2021, focusing on measuring the various elements that make up our overall carbon footprint, and setting specific reduction targets for each. This will enable us to report more clearly on the variable and growing areas of our operations, and help to distinguish between reducing carbon in our activities and the growth of our business. Our route to net zero carbon is also dependent on our supply chain and availability of associated technology across our geographies, so we will develop a pathway of how we expect our projects to enable this journey.

A leading approach to climate change

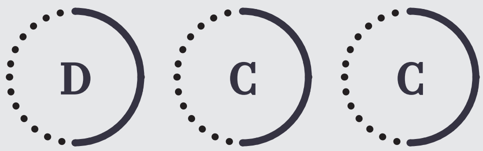
2020 was the seventh year ISG voluntarily responded to the CDP climate change programme. For the second year running we have maintained our 'Leadership' status by scoring A-. We are in the top 23% of companies in our sector, after achieving a score significantly higher than both the CDP submission average, and industry average, of C. Our score demonstrates our commitment to transparent reporting, reducing greenhouse gas emissions and achieving our corporate goal of achieving optimal operational efficiency.

ISG Limited CDP score

Region: Europe
Country: UK
Questionnaire: General
Activity Group: Commercial and consumer services

ISG Limited received an A- which is in the Leadership band. This is higher than the Europe regional average of C, and higher than the commercial and consumer services sector average of C.

Average performance



Commercial and consumer services | Europe | Global average

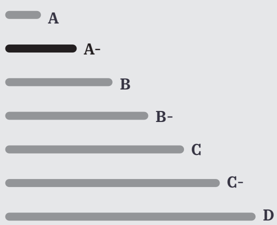
Understanding the CDP report

Leadership (A/A-)
Implementing current best practices

Management (B/B-)
Taking coordinated action on climate issues

Awareness (C/C-)
Knowledge of impacts on, and of, climate issues

Disclosure (D/D-)
Transparent about climate issues



About ISG

ISG is a dynamic global construction services company. We have had a hand in some of the world's most impactful and recognisable places, but our legacy is about far more than buildings. Across Europe, the Middle East and Asia, we deliver places where people and businesses make memories, forge new experiences, and reach their goals. In short, we deliver places that enable people and businesses to thrive.

Our vision

Every day our talented people deliver exceptional outcomes for our clients. We do this by upholding our vision and brand promise, committing to our corporate goals, and living our values and behaviours.

Our vision is to become the world's most dynamic construction services company, delivering places that help people and businesses thrive.

Our values

Our core values underpin our activities and drive our behaviours. They are deeply embedded in our business, and our people own and live them every day.

Dream smart

We encourage new thinking and bold ideas backed by knowledge, sound decision-making and first-rate implementation.

Speak frankly

We value clarity and honesty, and we are open and straightforward in all of our dealings. We never shy away from tough conversations.

Always care

We take pride in the quality of our work and demonstrate respect and care for the well-being, health and safety of our customers, our people, and our world.

Never stop learning

We encourage and reward great ideas. We constantly strive to improve by seeking new knowledge and skills.

Our corporate goals

Our ‘All 4 by 24’ corporate goals were developed in 2018 and remain just as relevant today. They set out ambitious non-financial business objectives in the context of our vision, our risks and opportunities, and the impact we want to have on the world around us. The four goals represent long-term objectives with short-term key performance indicators (KPIs), which are central to our decision-making processes and guide our strategic activities through to 2024.

By 2024, we aim to:

Offer an unbeatable employment experience, recruiting and developing the best talent in our sector.

Provide the best customer experience in our industry, before, during and after project delivery.

Achieve optimal operational efficiency.

Drive revolutionary change in the construction industry.

Our business

In 2020, ISG finalised its transition to a private company following the acquisition by the Cathexis Group in 2016. The company’s legal status is now a private limited company.

We work across five key sectors – offices; technology, science and health; retail; hospitality, leisure and living; and government, public sector and education – offering services in three areas:

Fit Out

Our roots as a business are in fit out, and we have a highly competitive track record in this area. We deliver large-scale and complex offices in the UK and across Europe, the Middle East and Asia, as well as retail and hospitality spaces, and smaller-scale projects across various sectors via our Agility service.

Construction

We deliver construction projects throughout the UK, ranging from public sector framework-based projects to large-scale private sector schemes, including commercial offices, educational campuses, hotels, sports and leisure amenities, fire service facilities and student living.

Engineering Services

Our engineering services offering delivers technically complex and large-scale projects in the UK, across continental Europe and Asia. The business is broken into four specialisms: Science & Health, Datacentres, High-tech Manufacturing and Integrated Project Delivery.

2020 performance

CFO's report

Karen Booth
Chief Financial Officer

	2020	2019
Revenue	**£2.0bn**	£2.6bn
Underlying EBITDA*	**£37.6m**	£63.3m
Statutory profit before tax	**£8.9m**	£44.2m
Forward order book at year end	**£1.5bn**	£1.4bn
Net cash position at year end**	**£101.5m**	£116.9m

Financial review

We entered 2020, which turned out to be a year of uncertainty, in a strong financial position: a healthy cash balance, zero debt and a solid forward order book. This allowed us to navigate the changing and challenging circumstances that arose from COVID-19. In Q1, the Stat Board responded rapidly, with a set of decisions and cash preservation strategies to mitigate impact of COVID-19 on the business. These included temporary pay cuts, deferment of bonus payments, furloughing some employees (see Note 6) and reduction or deferral of discretionary spend. This allowed us to emerge with a solid base from which to return to growth in the future.

Strong cashflow

ISG's reported net cash** balance was £101.5m on 31 December 2020, which is a reduction from the start of the year as expected, given the lower profit in the year. The Group remained debt free throughout the year.

Highlights from the Group's cashflow for the year include net cashflow from operating activities of £1.5m. With operating profit before interest and tax, but after depreciation and amortisation, of £9.8m, demonstrates we have been able to utilise our working capital in this challenging year in continued support of our supply chain.

As a signatory to the Prompt Payment Code in the UK, we are proud that we pay 96% of all invoices within 60 days, which is higher than the Code's requirements. Our average payment days is much less at 30 days.

Net cash outflow for investing activities of £9.2m comprised of investment in IT and system improvements, and the cash outflow following the disposal of the Commtech Group, see Note 26. Net cash outflow from financing activities was driven by the payment of operating lease liabilities.

Balance sheet

The consolidated balance sheet at 31 December 2020 shows growth and further strengthening of the Group's financial position over 2020. Net assets have increased to £127.2m (2019: £123.0m) and net current liabilities are stated at £77.4m (2019: £99.2m). We continue to focus on working capital management to continue the trend of decreasing net current liabilities in 2021.

Bond facilities

The Group continues to have bonding facilities with a range of banks and UK insurance companies. These facilities allow us to issue performance bonds on certain projects in line with market practice in our industry. As our projects grow in size and number, we work to maintain capacity on these facilities to meet future global operating plans. During the year, we increased the bonding lines by £84.3m to £309.8m at 31 December 2020 (2019: £225.5m), of which 45.8% was utilised (2019: 65.0%).

Foreign exchange

ISG manages exposure to foreign currency by entering into forward exchange contracts or other suitable hedging instruments as appropriate, and we monitor our currency risk on a regular basis. Where possible, we match cash inflows and outflows in the same currency, further reducing our exposure. During the year, we made a gain of £1.2m (2019: £1.3m loss) on foreign exchange. The effects of volatile short-term currency movements on profits is reduced, as the Group accounts for foreign profits using average exchange rates.

What's next

Looking ahead to 2021, we expect higher profitability levels, before returning to growth in 2022. We continue to lay the foundations for that growth by making targeted investments to deliver operational efficiency. These include entering new markets, recruiting the best talent to support business growth, investing in software solutions and centres of excellence, training and educating on improved compliance, and stress-testing our strategic direction to ensure we are always investing for the long term.

* Underlying EBITDA is an alternative profit measure used by management to monitor the underlying performance of the Group. See the Business review section on page 17 which explains the components of this measure.
** Net cash is defined as our cash balance less our borrowings; it excludes our lease liabilities.

Business review

In 2020, ISG at a Group level achieved revenues of £2.0bn, underlying EBITDA of £37.6m, and ended the year with a forward order book of £1.5bn.

The financial information in the review below follows the Group's internal measures: using an EBITDA (earnings before interest, tax, depreciation and amortisation) profit measure and excluding non-underlying items (as these are not attributable to the results of the service lines); see the presentation of the income statement for management purposes on page 83. As a Group, we report a final statutory profit before tax of £8.9m. Details of the reconciling items between the management measure and the statutory measure are described in the notes to the financial statements: Interest in notes 8 and 9; depreciation and amortisation in notes 12 and 13. The underlying results are broken down by our service lines as follows:

£'m	Year	Fit Out	Construction	Engineering Services	ISG Group
Underlying revenue	**2020**	**1,042.3**	**690.8**	**293.3**	**2,026.4**
	2019	1,223.2	562.2	798.7	2,584.1
Underlying EBITDA	**2020**	**28.9**	**1.9**	**6.8**	**37.6**
	2019	30.9	4.7	27.7	63.3
Forward order book	**2020**	**699.5**	**498.9**	**312.4**	**1,510.8**
	2019	429.2	786.2	184.2	1,399.6

Fit Out

Our global Fit Out business achieved an underlying revenue of £1,042.3m (2019: £1,223.2m), an underlying EBITDA of £28.9m (2019: £30.9m) and ended the year with a forward order book of £699.5 (2019: £429.2m).

2020 review

Despite COVID-19, 2020 saw our Fit Out business continue to make significant progress in achieving its ambition of becoming a truly global contractor.

In continental Europe we saw growth, thanks to large-scale office projects for our technology, media and telecom (TMT) sector clients in Germany, Switzerland, Luxembourg and Spain, and a growing volume of landlord direct projects. Consequently, we are now much more visible in the fit out market in Central Europe, and have seen considerable growth as a result. We are also supporting our core repeat clients in the logistics and distribution space as they expand across Europe, successfully delivering major projects in Germany, and with further projects in Germany and Ireland lined up for 2021.

The Asia and Middle East markets have been slower to return to pre-COVID-19 levels. The deferral of Dubai Expo to October 2021 is likely to bring opportunities there and our reputation positions us well, having been named Fit Out Contractor of the Year at the Big Project Middle East Awards. Despite our decision in 2020 to exit Malaysia with effect from May 2021, we remain committed to the Asian market, and are targeting growth in the region through our operations in Singapore.

Global technology company, Zurich, Switzerland

> While there is no doubt the role of the office will change, we are not seeing a slowdown in that market, and clients are already talking to us about office repurposing work on a global scale.

The UK fit out market saw a significant reduction from 2019 levels, as the pandemic led to several projects being delayed into 2021. However, this means we head into 2021 with a significant forward order book of nearly £340m.

As the commercial sector contemplates the future of the office, ISG's 'The power of place' research and insight report, and associated virtual events and articles, have firmly positioned us as thought leaders in this area. While there is no doubt the role of the office will change, we are not seeing a slowdown in that market, and clients are already talking to us about office repurposing work on a global scale, which we are ideally positioned to deliver.

As well as continuing to deliver projects for major global commercial clients, predominantly in the TMT, financial and legal sectors, we have also successfully built up our public sector portfolio, and are delivering projects for both central and local government bodies, including Waltham Forest Council and Epping Forest District Council, as part of our plan for growth and resilience in the UK market.

The traditional retail market saw a downturn in 2020, but our UK Retail business has offset this by applying skills developed in the high street and logistics and distribution sectors, and successfully diversifying into areas such as automotive, garden centres, nursery education and self-storage. As a result, the UK Retail business saw an increase in revenue compared to 2019. The business continues to work with core repeat clients within the food and financial services sectors and also to grow its client base, including securing its first significant project with a major European home furnishing business, all of which sets the business in a good place for further growth in 2021.

Looking ahead

We move into 2021 with a healthy pipeline of work and a strong platform on which to further diversify and grow the business. We made the decision in January 2021 to exit our operations in France with effect from 1 April 2021, but are strongly positioned to grow and expand our reach in Central Europe over the coming year. We will remain focused on maintaining and strengthening our relationships and project portfolios with our existing core client base, while developing new relationships with other potential repeat clients on both a local and global level.

Global on-line retailer, Exeter, UK

Sky Labs, London, UK

Cardiff Interchange, Cardiff, UK

Construction

Our Construction business achieved an underlying revenue of £690.8m (2019: £562.2m), an underlying EBITDA of £1.9m (2019: £4.7m) and ended the year with a forward order book of £498.9m (2019: £786.2m).

2020 review

ISG's Construction business saw considerable success in 2020, with an overall increase in revenue, record customer satisfaction and safety scores, and a host of industry awards, including the Education Estates Contractor of the Year accolade. These successes are even more noteworthy by the fact they were achieved against a backdrop of unprecedented disruption and uncertainty, caused by the COVID-19 pandemic and Brexit.

In the event, Brexit had minimal impact (see page 11). The pandemic, however, did of course have an impact. In Scotland, all construction work was put on hold for 12 weeks, while in the rest of the UK, project operating procedures and method statements had to be reassessed, and new measures introduced to ensure sites could operate safely.

Despite the disruption, the business managed to deliver on its ambitious strategy for the year, with the leadership team now established, places secured on public sector framework targets including Constructing West Midlands and reappointment to Pagabo Major Works, and a strong pipeline of work with key long-term strategic partners. We handed over a new visitor centre to our global drinks manufacturer client, and are delivering the Sky Labs project, which is targeting a BREEAM 'Excellent' environmental performance rating. Over 50% of revenue in 2020 was generated through frameworks and from repeat work with our key strategic clients.

Looking ahead

2021 will be all about consolidating and building on the successes of 2020. Key projects will complete this year, such as the redevelopment of the Compton and Edrich Stands at Lord's Cricket Ground and our global retailer client's new European headquarters, and work will continue on the £89m Interchange project in Cardiff for Rightacres, along with multiple schemes for Alliance Leisure and Fusion Students. The business will continue to target increased revenue streams from frameworks and key strategic clients. In addition, it will start to focus more on larger projects, investing in new sectors through frameworks including defence, as well as those growth sectors where the business already has a strong track record, such as education and justice. A shift towards MMC and development of our Design for Manufacture and Assembly (DfMA) offer will also be an area of focus for 2021.

> We saw considerable success in 2020, with an overall increase in revenue, record customer satisfaction and safety scores, and a host of industry awards.

Engineering Services

Our Engineering Services business achieved an underlying revenue of £293.3m (2019: £798.7m), an underlying EBITDA of £6.8m (2019: £27.7m) and ended the year with a forward order book of £312.4m (2019: £184.2m).

2020 review

For our Engineering Services business, 2020 was a year of continued focus on those key markets and sectors which are enjoying significant growth, despite the challenges of COVID-19. While overall revenue was impacted by the deferral of some key schemes, we remained profitable, and ended the year with a strong pipeline of work, having secured some key major project wins in the second half of the year.

The science and health sector remains a strong market for us, and 2020 saw us start on site on two large-scale construction projects in London, UK: UCL's Institute of Neurology, which will strive to find a cure for dementia, and The Royal Marsden's new cancer treatment centre. We anticipate significant further growth in this sector during 2021 and beyond.

In the datacentre sector, we delivered our tenth hyperscale facility in continental Europe, bringing the overall value of our hyperscale projects over the past 10 years to more than £2.4bn. We have expanded our client base, including with a new multinational cloud operator, for which we are delivering projects in several European locations.

The technology market remains buoyant, and we are successfully building on our heritage of delivering large-scale, high-tech manufacturing projects, with our recent appointment by Britishvolt to deliver the first battery manufacturing gigaplant in the UK. This is ISG's largest-ever project in the UK, and marks the start of an exciting journey into a new market.

During 2020 we agreed with the Cathexis Group that ISG's independent commissioning specialist company, Commtech Group, would step outside the ISG umbrella to operate as a separate company as part of the Cathexis Group. This took effect from 31 December 2020.

Looking ahead

Our strategy is clear, and we continue to be focused on the satisfaction and experience of our customers, supporting them with MMC, driving greater delivery efficiency and predictability, and bringing the best talent to market.

We will continue to focus our efforts on the key growth sectors, building our order book and taking our capability into new markets. Our planned expansion across Europe is well underway, and we are now delivering in many locations in continental Europe. We are exploring further opportunities in Asia, to support the emergence of new infrastructure needs as they materialise.

We ended 2020 with our forward order book at a record high and with a growing degree of repeat business, which positions us strongly for 2021 and beyond.

> We delivered our tenth hyperscale facility in continental Europe, bringing the overall value of our hyperscale projects over the past 10 years to more than £2.4bn.

Top: **UCL, London, UK**
Bottom: **HSL, London, UK**

Strategy and governance

Strategy

Our ambition is to be the best employer, the best with clients, the most efficient and the most innovative – and to achieve these four corporate goals by 2024 (see page 15).

Throughout 2020, our strategy stood strong and stayed relevant, providing a useful compass as we navigated the uncertainties and challenges posed by the pandemic.

Employee experience: We continued to put in place measures to help attract, retain and develop great talent. We further embedded our values-driven behaviour framework in our hiring, performance and development processes, developed a new candidate journey and hiring process, and enabled employees to complete over 7,600 online training courses. During 2021, we will carry on our journey to become a three-star employer*, putting in place measures to further enhance the employee experience, including a new onboarding process and well-being programme. And already in 2021, we are starting to see the results of our efforts, having recently achieved two-star status* which is an indication of outstanding levels of engagement.

Customer experience: 2020 required us to partner even more closely with clients and suppliers than ever before to keep projects on track and operating safely. By adapting our CX programme to now include feedback at project start-up, mid-point, completion and post completion, we were able to continue to gather feedback from clients on what they think about ISG, and can now better access overall data and trends to drive continuous improvement. 2021 will be about building on this progress with an even greater focus on customer care for our most strategically important clients, and making sure we continue to meet the growing expectations of all our customers.

Operational efficiency / Revolutionary change: While the pandemic did distract us from some of our planned activity in these areas, it also required us to rapidly change how we worked and delivered our projects, accelerating the shift towards virtual technologies and MMC, with an ever-increasing focus on sustainable inputs and outputs. During 2021, we will be building on this and redoubling our focus on achieving operational efficiency and driving revolutionary change, by not only being even more efficient in what we do now, but developing new tools, technology and ways of working to keep us at the forefront of our industry. We now have fully structured programmes in place to drive progress in both these areas over the next three years.

See page 5 for further details on our performance against our strategic goals.

Governance and management

ISG's vision and values-driven thinking are at the centre of our governance strategy.

ISG's Stat Board and its various sub-committees (which include the Risk Committee) is the primary governance and oversight body for ISG, and its responsibilities include providing entrepreneurial leadership.

ISG is led by our CEO, Paul Cossell, who takes overall responsibility for ISG, our strategy, and our subsidiaries across the world. Paul is supported by members of the Stat Board: Karen Booth, CFO (who was appointed to succeed Mark Stockton in this role on 1 January 2021); Richard Hubbard, CMO; Jane Falconer, CHRO; Matt Blowers, COO for Fit Out; Zoe Price, COO for Construction; and Bart Korink, COO for Engineering Services.

The Stat Board is supported by teams responsible for strategy development, implementation and performance reporting across core functions including health and safety, finance, legal, supply chain management, HR, IT, marketing and communications, business development, quality and sustainability.

ISG's Stat Board collectively leads our efforts to achieve our 'All 4 by 24' strategy of our four corporate goals. The Stat Board is responsible for developing and implementing strategy, with the support of our enabling departments and operational teams.

Our governance structure and controls ensure we behave ethically and responsibly, effectively responding to matters that have the potential to impact our financial, operational and reputational performance. Understanding the importance of talent within our business, we also have personal development and succession-planning structures in place to secure our effective leadership into the future, and to support our ability to create value in the short, medium and long term.

Our company management systems are regularly reviewed and maintained, and detail our policies and procedures relevant to the geographies and sectors where we work. The processes to achieve our strategy will be developed and integrated within our management system, safeguarding our journey and vision to become the world's most dynamic construction services company, and providing resilience against changes in personnel and leadership.

- **Paul Cossell** | Chief Executive Officer
- **Karen Booth** | Chief Financial Officer
- **Richard Hubbard** | Chief Marketing Officer
- **Jane Falconer** | Chief Human Resources Officer
- **Matt Blowers** | Chief Operating Officer, Fit Out
- **Zoe Price** | Chief Operating Officer, Construction
- **Bart Korink** | Chief Operating Officer, Engineering Services
- **William Harrison** | Chairman
- **Jonathan Moy** | Non-Executive Director

* As indicated through performance on the Best Companies™ b-Heard employee survey.

Instant Group, Singapore

Our stakeholders

Our ambition to create places that help people and businesses thrive is not confined to the buildings we help deliver. It is engrained in all aspects of our operation and extends to all our stakeholders and those impacted by the work we do.

Stakeholder needs

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 want to work for a business with a clear and compelling vision; and in an environment that keeps them healthy and safe; and enables them to grow both 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 bodies

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.

Financial institutions

Banks, bondsmen and credit insurers seek to understand ISG's performance and outlook so they can provide financial services to our business and supply chain.

Investors

ISG is part of the Cathexis Group, a US-based investment group, with the ultimate controlling party of William Harrison, our Board Chairman. Cathexis supports our vision and is invested in the long-term growth of ISG.

Stakeholder engagement

To promote the ongoing success of ISG, the Stat Board believes our 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.

This section provides an overview of how we have engaged with our stakeholders, the feedback we have received, and the impact of that feedback on ISG's policies, processes and procedures.

Customers

Engagement interactions	Outcomes from engagement	Effects of engagement on Board decisions
■ 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	■ Identifying opportunities to ensure customers achieved their construction objectives safely during the pandemic ■ Implementation of customer-specific KPI dashboards 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%)	■ 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	Effects of engagement on Board decisions
■ 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 activities – as well as partnerships with other mental health charities, and other charities, outside the UK ■ Operational excellence programme – building an engagement and communications programme to support the drive for optimal operational excellence across the Group	■ 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	■ 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	Effects of engagement on Board decisions
■ 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	■ 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	■ Investment in industry-leading source-to-pay solution to be delivered during 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	Effects of engagement on Board decisions
■ 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	■ 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	■ 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	Effects of engagement on Board decisions
■ Participation in industry forums and working groups, including Paul Cossell's appointment to the Build UK Board in June 2020 ■ Consultation with legal advisors and industry professionals ■ Attendance at industry conferences and marketing events ■ Conducting interviews with industry media	■ Sharing best practice on the COVID-19 response across the industry ■ Tackling industry issues, such as resource efficiency and the circular economy ■ 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	■ 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

Financial institutions

Engagement interactions	Outcomes from engagement	Effects of engagement on Board decisions
■ 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 and Brexit 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	■ 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	■ Decision to increase ISG's capacity of the performance bond lines, supporting sustainable growth of the business

Investors

Engagement interactions	Outcomes from engagement	Effects of engagement on Board decisions
■ Regular communication with ISG's ultimate controlling party, William Harrison (Chairman) and the Cathexis Group ■ Bi-annual strategy discussions ■ Monthly trading updates	■ Involvement in all key commercial and strategic decisions of the Group	■ Board decisions are aligned with investor expectations and risk profile

An international publisher, London, UK

Managing our risks

The ability to identify, evaluate, monitor and, where appropriate, implement action to mitigate risks within the Group is fundamental to ISG's continued success. A key objective of the Group's directors (the Stat Board) and its senior management team is to safeguard and, where possible, increase the value of the Group and its assets.

It is the responsibility of the Board to set appetite levels for risk management, to be adopted within each area of the business, and to ensure that effective and relevant frameworks and internal controls are in place. The potential impacts of the Group's material risks, and relevant responses, are regularly monitored at a central level by the Board, and monitored at a local business unit level by Business Unit Boards.

As a business, we continually horizon-scan our industry, legislation, supply chain and the socio-economic conditions of the geographies and sectors in which we work. Operational business units and central enabling functions complete monthly reports on performance, and highlight any risks in the current operations.

The Stat Board is the principal decision-making forum for ISG, through which all strategies affecting the Group are ratified and approved for action.

A central Risk Committee, headed by ISG's Chief Financial Officer, convenes every two months to review risks, identifying the appropriate mitigation measures or positive actions to be taken, and any investment required to effectively address matters in the short, medium and long term. The Risk Committee reports directly to the Stat Board, and has strong links with ISG's Business Change Board and other key forums to advise on change management from risk mitigation.

The Risk Committee:

- Identifies key business risks via risk registers, and ensures registers are accurately maintained and regularly reviewed.
- Seeks to understand the impact that changes in regulations and legislation have on our risk profile.
- Ensures high risks are appropriately managed, with effective mitigations, resource, timescales and owners agreed; progress is monitored and challenged on a regular basis.
- Monitors the output of the internal audit function in accordance with the Board's prioritisation on emerging issues.
- Reviews policies that are included in the Group's key policy framework, together with their associated communication and training plans.
- Reviews the adequacy and effectiveness of the Group's. compliance procedures, including monitoring the whistleblowing reporting.
- Reviews external-facing risk reporting.
- Reports progress and makes recommendations to the Stat Board.

A summary of the principal risks and uncertainties, that have been identified by the Group that could impact on its performance, is shown in the table below and on the following pages, together with details of the mitigation actions that are being taken. These identified risks and uncertainties exclude overarching risk that will impact most businesses e.g. macro-economic, political, financial market and climate change risks. These overarching risks are monitored by the Stat Board and the various management forums through the lens of the impact to the Group.

For discussion on the risks and related impact mitigation following the COVID-19 pandemic, see page 10, and see page 11 for those related to the exit of the UK from the European Union.

Risks and impact	Mitigation
Supply chain, procurement and labour practices 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. 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. Risk of prosecution and financial penalties, and potential impact on reputation.	Various checks and balances are in place to ensure the Group is not dependent or exposed to any one, or a small number of, subcontractors or other suppliers. 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. 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. 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. In the UK, existing and potential new subcontractors are required to sign up to our anti-slavery and human trafficking supply chain commitment (the Supply Chain Commitment) as part of the subcontractor approval process. 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. Our site induction processes include 'right to work' checks.

Risks and impact	Mitigation
Recruitment, development and retention of employees A high-calibre workforce is crucial to delivering the Group's strategy and in ensuring the delivery of a high-quality service. 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. Competitors may try to poach key employees from within the Group who are difficult to replace. A loss of key employees may cause staffing issues, which may adversely impact on both project delivery and wider growth opportunities. 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.	Resource planning ensures that we can build the pipeline of talent we need to meet the business requirements. Our performance development review provides the opportunity for regular performance discussions, identifies areas for personal development, and allows for a conversation about career aspirations. 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. A global annual employee survey is carried out which allows us to develop action plans to drive improvements in employee engagement. 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.
Project delivery and quality of service / product The ability of the Group to continue winning contracts at appropriate profit margins and with acceptable terms and conditions, in markets that are competitive. 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. Overstretching of the Group's supply chain as both markets and sectors grow, which could lead to subcontractor failure.	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. 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 cashflows. Appropriate Group risk registers are maintained. Enhanced management and supervision is necessary for projects that are deemed to be higher risk. Regular reviews are also undertaken of each business unit's results, together with monthly / quarterly operational and budgeting / forecasting reviews. The Group operates a project audit team that reports into the Risk Committee to help ensure that projects are delivered to cost and timetable.
Health, safety and well-being of stakeholders A failure to manage the Group's health and safety risks could result in serious harm to employees, subcontractors, the public or the environment. The Group could be exposed to significant potential liabilities and reputational damage. There may be a breach of local regulatory requirements.	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. The safety of the Group's employees, supply chain, and members of the public, is of paramount importance. A comprehensive policy and framework is in place (to include regular site visits, the recording of accidents, near miss and hazard reporting). 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. Best practice is shared within the Group via a health and safety forum, which operates under a zero-tolerance approach to unsafe practices. 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. Regulatory requirements in relation to health and safety, and any changes to these, are regularly monitored by the group health and safety director.

Risks and impact	Mitigation
Pollution control and environmental management 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. Management of incidents may also impact on time and costs associated with investigation, remediation and loss of working hours / impact on programme.	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. 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. ISG is committed to protecting and, where possible, enhancing the environment. We have in place management procedures, guidance and training to support the effective 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. 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.
Overreliance on key customers	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. 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.
Legal, regulatory and reporting compliance 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). Part of the Group's growth strategy requires entry into 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.	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. The Group uses external advisors / consultants, where deemed necessary, to advise on policy and the various compliance responsibilities that need to be adhered to. 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. 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.

Outlook

We have outlined above the principal risks and uncertainties facing our business, and what we are currently doing to mitigate these.

We build resilience in our business model by ensuring that our business decisions are made from a position of sound knowledge and trusted advice. We maintain involvement in key industry steering groups across our geographies, and collaborate with our customers and supply chain partners to identify and address future risks and opportunities.

By engaging our internal and external stakeholders in a regular review of our material issues, we will ensure flexibility in the goals we set and the business model to achieve them in the short, medium and long term.

This is supported by investing in the development of our talent pipeline, training and upskilling our employees and supply chain, and succession planning to secure the future leadership of our business. We believe in equipping our people to enhance, implement and where appropriate, change our strategies, for the future success of our business.

Top: **HRH The Duke of Cambridge at the ground-breaking ceremony of The Oak Cancer Centre at The Royal Marsden in London, UK**
Middle: **ISG's team in Malaysia developing PPE face shields for front-line hospital workers**
Bottom**: Youth Hub, Dubai, UAE**

Scan to read about our 'Move for Charity' challenge:

Annual financial statements

ISG Limited
DIRECTORS' REPORT

<u>**The directors of ISG Limited present their annual report and the audited financial statements for the 12-month period ended 31 December 2020.**</u>

Principal activities
ISG is an international construction services company, operating from three service lines: fit out, construction and engineering services. The Group works across a number of core sectors: offices, technology, science and health, retail; hospitality, leisure and living; and education and public sector, and operates in Europe, the Middle East and Asia.

During the year, the Company re-registered from a plc to a private limited company.

Business review
A review of the Group's activities during the period, trends and factors likely to affect the business and its future prospects are set out within various sections of the strategic report, to include the performance at a glance section on pages 4-5, Chief Executive Officer's review on page 9, the business review on pages 17-20, the financial review on page 16 and the managing risk section on pages 26-28.

The directors' report is prepared for the members of the Group and should not be relied upon by any other party for any other purpose. Some sections of the strategic report contain certain forward-looking information and statements in relation to the Group's operations, economic performance and financial conditions. These statements are made by the directors in good faith based on the information available to them at the time of their approval of this report and, although they believe that the expectations reflected in such forward-looking statements are reasonable, they should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking statements or information.

Subsequent to the end of the year the Group has disposed of its French subsidiary, see Note 28.

Going concern
Information on the business environment in which the Group operates, including the factors that are likely to impact the future prospects of the Group, are included within various sections of the strategic report, including Chief Executive Officer's review on page 9, the key external challenges section on pages 10-13, and the managing risks section on pages 26-28. The financial position of the Group, its cash flows, liquidity position and debt facilities are described in the financial review on pages 16. In addition, the consolidated financial statements on page 39 onwards set out the Group'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 Group for a period in excess of twelve months from the date of approval of these consolidated financial statements. These forecasts are based on the Group'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 Group's trading performance, and the actions taken by management in response to current market conditions. The forecasts completed on this basis demonstrate that the Group 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 Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the Company.

Governance
Following the introduction of the UK Corporate Governance Code and the publication of the Wates Principles, and considering full reviews of its own governance arrangements, the Board continues not to apply any formal corporate governance code. It is governed by its own guidelines which are broadly consistent with the Wates Principles. The Group's governance position will be kept under review by the Board. See the governance section of the strategic report on page 21 onwards.
Section 172 (1) Statement
In all decisions the Board makes, the directors act in good faith to promote the success of the Group and Company. See the Stakeholder engagement section of the strategic report on pages 22-25.

Results and dividends
Revenue for the year ended 31 December 2020 was £2.0bn (2019: £2.6bn); underlying EBITDA amounted to £37.6m (2019: £63.3m) and statutory profit before tax amounted to £8.9m (2019: £44.2m). No dividends have been paid or are proposed for the financial year ended 31 December 2020 (2019: £nil).
During the year the directors became aware of certain breaches of the Companies Act in relation to an historic dividend, remediation steps were completed in the year to regularise this see Note 24 for further consideration of this transaction.

ISG Limited
DIRECTORS' REPORT

Share capital
The Company has one class of shares, being ordinary shares of 1p each, that carry no rights to fixed income. During the year the Company completed a share capital reduction, see further details in note 23. As at 31 December 2020, the number of ordinary shares in issue was 49,483,864, of which all were fully paid.

Directors
The directors who held office throughout the financial year ended 31 December 2020 and to the date of this directors' report unless otherwise stated were:

W Harrison
P Cossell
M Stockton (resigned 31 December 2020)
P Weaver (resigned 1 September 2020)
R Hubbard
J Moy
J Falconer
M Blowers
B Korink
Z Price (appointed 1 September 2020)
K Booth (appointed 1 January 2021)

Directors' indemnities
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 provide cover in the event that a director is proved to have acted dishonestly or fraudulently.

Employees
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.

Health and safety
The Board considers health and safety to be a key priority within the Group and has continued to maintain its focus on this area throughout the period. It is essential that we take all reasonable measures to conduct our business to ensure the health, safety and wellbeing of all our employees and all other persons who may be affected by our activities, including members of the public, customers and our supply chain that we work with. Our commitment to health and safety is demonstrated by our Accident Incident Rate which during the year was 0.82 (2019: 1.74).

Environmental reporting
The Board is committed to ensuring that the Group 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 Group aims to minimise negative impact and, where possible provide positive enhancements to the environment.
Streamlined Energy and Carbon Reporting (SECR)
The requirements are reported on pages 12-13 in Environment and carbon section of the strategic report.

ISG Limited
DIRECTORS' REPORT

Political donations
The Company made no political donations during the financial year ended 31 December 2020 (2019: £nil). Charitable donations to our charitable partners for the year totalled £64k (2019: £115k).

Disclosure of information to the auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he or she ought to have taken as a director, in order to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue as the Group's auditor.

Approval
By order of the Board.

N Heard
Company Secretary
7 May 2021

ISG Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law; and the company financial statements in accordance with United Kingdom Accounting Standards (UK GAAP) 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 group and company and of the profit or loss of the Group 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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board.

P Cossell
Chief Executive Officer
7 May 2021

K Booth
Chief Financial Officer
7 May 2021

ISG Limited

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ISG LIMITED

Opinion

We have audited the financial statements of ISG Limited (“the Parent Company”) and its subsidiaries (“the Group”) for the year ended 31 December 2020 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement the Company balance sheet, the Company statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2020 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group and the Parent 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 Group’s or the Parent 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 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISG LIMITED

Opinions on other matters prescribed by the Companies Act 2006
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 Group and the Parent 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 Group's and Parent 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 Group or the Parent 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 Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component levels to respond to the risk. 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 Group'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;
- review of the financial statement disclosures to underlying supporting documentation;
- assessment of matters reported on the Group'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.

ISG Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISG LIMITED

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 Parent 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 Parent 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 Parent Company and the Parent 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
7 May 2021

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

ISG Limited

CONSOLIDATED INCOME STATEMENT | 12 months ended 31 December 2020

	Notes	**12 months ended 31 December 2020 £'m**	12 months ended 31 December 2019 £'m
Revenue	5	**2,043.1**	2,589.7
Cost of sales		**(1,925.6)**	(2,405.4)
Gross profit		**117.5**	184.3
Administrative expenses		**(107.7)**	(131.8)
Operating profit	6	**9.8**	46.1
Finance income	8	**0.1**	0.2
Finance costs	9	**(1.0)**	(2.1)
Profit before tax		**8.9**	44.2
Taxation	10	**(4.9)**	(12.5)
Profit for the period		**4.0**	31.7
Attributable to:			
Owners of the company		**4.0**	31.7
Non-controlling interests	25	**-**	-
		4.0	31.7

The accompanying notes form part of these financial statements.

ISG Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 12 months ended 31 December 2020

	Notes	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
Profit for the period		**4.0**	31.7
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**0.2**	(5.2)
Total comprehensive income for the period		**4.2**	26.5
Attributable to:			
Owners of the company		**4.2**	26.5
Non-controlling interests	25	**-**	-
		4.2	26.5

The accompanying notes form part of these financial statements.

ISG Limited

CONSOLIDATED BALANCE SHEET | As at 31 December 2020

	Notes	2020 £'m	2019 £'m
Non-current assets			
Goodwill	11	**164.4**	168.9
Other intangible assets	12	**23.0**	26.6
Property, plant, and equipment	13	**30.0**	38.1
Deferred tax assets	16	**6.8**	5.9
Trade and other receivables	14	**38.6**	34.5
		262.8	274.0
Current assets			
Current tax assets		**20.4**	17.3
Trade and other receivables	14	**290.4**	379.4
Due from customers for contract work	19	**123.9**	104.6
Cash and cash equivalents	15	**101.5**	116.9
		536.2	618.2
Total assets		**799.0**	892.2
Current liabilities			
Borrowings		**-**	-
Lease liabilities	17	**(5.9)**	(6.5)
Current tax liabilities		**(21.3)**	(16.8)
Trade and other payables	18	**(567.8)**	(595.5)
Due to customers for contract work	19	**(18.6)**	(98.6)
		(613.6)	(717.4)
Non-current liabilities			
Borrowings		**-**	-
Lease liabilities	17	**(18.7)**	(24.1)
Deferred tax liabilities	16	**(3.3)**	(3.8)
Trade and other payables	18	**(36.2)**	(23.9)
		(58.2)	(51.8)
Total liabilities		**(671.8)**	(769.2)
TOTAL NET ASSETS		**127.2**	123.0
Equity			
Called up share capital	23	**0.5**	49.5
Share premium account	23	**-**	34.1
Foreign currency translation reserve		**1.2**	1.0
Retained earnings		**125.4**	38.3
Equity attributable to owners of the company		**127.1**	122.9
Non-controlling interests	25	**0.1**	0.1
TOTAL EQUITY		**127.2**	123.0

The consolidated financial statements of ISG Limited (company number 10081578) were approved by the Board of directors and authorised for issue on 7 May2021. They were signed on behalf of the Board of directors. The accompanying notes form part of these financial statements.

P Cossell
Chief Executive Officer

K Booth
Chief Financial Officer

ISG Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 12 months ended 31 December 2020

	Notes	Share capital £'m	Share premium £'m	Foreign currency translation reserve £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 January 2019		49.4	34.1	6.2	6.6	96.3	0.1	96.4
Profit for the period		-	-	-	31.7	31.7	-	31.7
Other comprehensive income		-	-	(5.2)	-	(5.2)	-	(5.2)
Total comprehensive income		-	-	(5.2)	31.7	26.5	-	26.5
Share capital paid	23	0.1	-	-	-	0.1	-	0.1
Balance at 1 January 2020		49.5	34.1	1.0	38.3	122.9	0.1	123.0
Profit for the period		-	-	-	4.0	4.0	-	4.0
Other comprehensive income		-	-	0.2	-	0.2	-	0.2
Total comprehensive income		-	-	0.2	4.0	4.2	-	4.2
Share capital reduction	23	(49.0)	(34.1)	-	83.1	-	-	-
Balance at 31 December 2020		**0.5**	**-**	**1.2**	**125.4**	**127.1**	**0.1**	**127.2**

The foreign currency translation reserve is used to record cumulative translation differences on foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

Non-controlling interests (NCI) represent the share of net assets allocated to minority shareholders for entities that are consolidated, and the Group does not own 100% of the share capital.

The accompanying notes form part of these financial statements.

ISG Limited

CONSOLIDATED CASH FLOW STATEMENT | 12 months ended 31 December 2020

	Notes	**12 months ended 31 December 2020 £'m**	12 months ended 31 December 2019 £'m
Cash flows from operating activities			
Operating profit for the period		**9.8**	46.1
Amortisation of intangible assets	12	**5.3**	6.5
Disposal of goodwill	11	-	1.4
Loss on disposal of property, plant, and equipment		**0.8**	-
Disposal of subsidiaries	26	**3.9**	-
Depreciation on property, plant, and equipment	13	**9.2**	9.3
Decrease in provisions		-	(2.0)
Net movement in trade and other receivables		**70.9**	22.8
Net movement in trade and other payables		**(93.9)**	(15.6)
Cash generated from operations		**6.0**	68.5
Income taxes paid		**(4.5)**	(13.0)
Net cash inflow from operating activities		**1.5**	55.5
Cash flows from investing activities			
Net payments for property, plant and equipment, and software	12/13	**(3.4)**	(9.1)
Net cash disposed with subsidiaries	26	**(5.8)**	-
Net cash outflow from investing activities		**(9.2)**	(9.1)
Cash flows from financing activities			
Proceeds from share capital	22	-	0.1
Repayment of borrowings		-	(25.4)
Net interest paid		-	(0.9)
Payment of lease liabilities	17	**(6.9)**	(8.6)
Net cash outflow from financing activities		**(6.9)**	(34.8)
Net (decrease)/increase in cash and cash equivalents		**(14.6)**	11.6
Cash and cash equivalents at the beginning of the period		**116.9**	102.8
Effects of exchange rate changes on balances of cash held in foreign currencies		**(0.8)**	2.5
Cash and cash equivalents at the end of the period	15	**101.5**	116.9

The accompanying notes form part of these financial statements.

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | At 31 December 2020

1. GENERAL INFORMATION

ISG Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is Aldgate House, 33 Aldgate High Street, London, EC3N 1AG.

During the year, the Company re-registered from a plc to a private limited company.

2. ADOPTION OF NEW AND REVISED STANDARDS

During the financial period, the Group has adopted no new accounting standards that have had a significant effect on the annual financial statements for the year ended 31 December 2020.

The Group does not expect any other standards issued but not yet effective to have a material impact to the Group.

3. ACCOUNTING POLICIES

Basis of accounting

The annual consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial information set out in this report has been prepared under the historical cost convention. The presentational currency of the Group is Pounds Sterling.

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared cash flow forecasts for the Group for a period in excess of twelve months from the date of approval of these consolidated financial statements. These forecasts are based on the Group'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 that the Group will be able to operate within is current resources. In addition, the Board has also considered various mitigating 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 Board believes that the Group is well placed to manage the current business risks.

On the basis of the exercise described above, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the Company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are all entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the month end closest to the effective date of acquisition or to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intra-group transactions, balances, unrealised gains and losses, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

ISG Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2020

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's reporting format determined in accordance with IFRS 8 'Operating segments'.

Impairment tests are performed annually by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where an impairment test is performed a discounted cash flow analysis is carried out based on the cash flows of the cash-generating unit compared with the carrying value of that goodwill. The discount rates are estimated as the risk-effected cost of capital for the particular cash-generating units.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Where a subsidiary is part of a CGU, a portion of that CGU's goodwill is attributed to that subsidiary if appropriate, in proportion to the subsidiary as part of the CGU.

Other intangible assets

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

The cost of intangible assets acquired in a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and is based on its fair values as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost and amortised over the estimated useful lives on a straight-line basis. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The categories of intangible assets and their estimated useful lives are as follows:

Trademark and licences	2-10 years
Customer relationships	3 years
Software	3 years

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense of intangible assets with finite lives is recognised in the income statement.

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An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss has been recognised.

Property, plant, and equipment

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

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

Leasehold improvements	Life of the lease
IT and office equipment	2-5 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The residual values and useful lives of all property, plant and equipment are reviewed and adjusted if appropriate at least each financial period.

Impairment of non-financial assets other than goodwill

The carrying amounts of the Group's non-financial assets are reviewed at each reporting period date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate with the individual cash generating unit cash flow forecasts risk adjusted.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group 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 consolidated 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

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(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 Group classifies its financial assets into categories based on the accounting treatment, either as fair value through profit and loss or amortised cost, depending on the purpose for which the asset was acquired. During the reported periods the Group 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 cost of sales in the consolidated 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. then the 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 Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Leases

At inception of a contract the Group 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 Group 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 Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group 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 Group has the right to direct the use of the asset if either:
  - The Group has the right to use the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

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At inception or on reassessment of a contract that contains a lease component, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group 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.

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 Group's incremental borrowing rate. Generally, the Group 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, are 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 Group is reasonably certain to exercise, lease payments in an option renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group 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 Group 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 Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share capital

The ordinary share capital of the Company is recorded at the proceeds received, net of directly attributable incremental issue costs.

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Foreign currencies

Transactions in foreign currencies are translated into the individual subsidiary company's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Group's income statement in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of comprehensive income to the extent that they relate to a gain or loss on that non-monetary item.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill and intangibles are translated into the Group's presentational currency (Pounds Sterling) at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate of the transactions or average rates for the period. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are recognised in other comprehensive income and accumulated in the "foreign currency translation reserve" in equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the income statement as part of the gain or loss on disposal.

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 Group 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 Group 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 amount due from customers for contract work is shown as a receivable. The 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.

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Costs to obtain contracts

Costs incurred to obtain contracts are expensed until the contract has been won or is expected to be won (for example if the Group has achieved preferred bidder status) when subsequent costs are carried in the balance sheet and are charged to profit over the fulfilment of the performance obligation in the contract. If a contract is loss making, capitalised costs in relation to that contract are expensed immediately.

Other services

Revenue from maintenance contracts is recognised by reference to the stage of completion, as measured by reference to services performed to date as a percentage of total services to be performed. This is in line with the total value of the contract and the programme of works agreed before commencing with customers.

Revenue from consulting works is measured on a time plus agreed expenses not exceeding the agreed total value with customers.

Recoveries from claims against third-parties

The recognition of expected recoveries resulting from certain third-party claims is accounted in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets which requires recovery to be 'virtually certain' before an asset can be recognised.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave are recognised when the service is performed by the employee, measured at the amount expected to be paid when the liabilities are settled.

Pensions

The Group operates defined contribution pension schemes. The assets of the schemes are invested and managed independently of the finances of the Group. Contributions to the defined contribution pension schemes are charged to the income statement as they become payable in accordance with the rules of the schemes.

Termination payments

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy.

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 the 2020 the Group has taken advantage of the Government Coronavirus Job Retention Scheme, which are not repayable, and reported these amounts as a deduction against staff cost. Amounts received as grant income are disclosed in Note 6.

Finance income and costs

Finance income comprises interest income on the Group's cash and cash equivalents and other interest earned. Interest income is recognised as it accrues in the income statement using the effective interest rate method.

Finance costs comprise interest on bank overdrafts, lease liabilities, the unwinding of discounts on contingent deferred consideration and the amortisation of prepaid bank facility arrangement fees and commitment fees charged by lenders on the undrawn portion of available bank facilities that have been amortised over the length of the associated facilities.

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Taxation

The Group'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. Where this amount is an asset the Group have made payments on account in accordance with the requirements of a specific jurisdiction.

The Group 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 research and development 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.

Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the relevant tax is also accounted for within equity.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated 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 and assumptions. The Group based its assumptions and estimates on parameters available when the consolidated 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.

Revenue and profit margin recognition

The Group's revenue recognition and long-term construction and service contracts' policies are set out in Note 3 above. These policies are central to the way in which the Group 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.

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 Group's entitlement to revenue. Any amount of revenue recognised is restricted to the amounts that the Group 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 Group 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 goodwill and other intangible assets

Determining whether goodwill or other intangible assets are impaired generally requires an estimation of the value in use of the intangible assets or the cash-generating units to which goodwill has been allocated. An assessment is also required in determining the cash-generating units to which goodwill is allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The key areas of assumption were the discount rates and the growth rates that were inputs into the impairment testing. The total value of goodwill was £164.4m (2019 £168.9m). Note 11 details the assumptions that have been applied in assessing impairment of goodwill.

Taxation

The Group is subject to tax in a number of jurisdictions and estimates and assumptions are required in determining the worldwide provision for income taxes. The Group provides for future liabilities in respect of uncertain tax positions; such provisions are based upon management's assessment of exposures.

As set out in Note 3 above, deferred tax is accounted for on temporary differences using the balance sheet liability method, with deferred tax liabilities being provided for in full, and deferred tax assets being recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Note 16 details the unused tax losses for which deferred tax assets have not been recognised.

Going Concern

The Group's decision to continue to use the going concern basis for the preparation of the financial statements is supported by profit and cashflow budgets and forecasts. Management's assumptions are used as the basis for these budgets and forecasts. Estimation has been used within the budgets and forecasts around of the timing and amount of profit recognition and cash in and outflows. See Note 3 for an understanding of the considerations.

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5. REVENUE

All revenue arises from the provision of construction-related services and amounts receivable from and payable under construction contracts are included in Note 14 and Note 18.

Disaggregation of Revenue by country of destination:

Year to 31 December 2020	Fit Out	Construction	Engineering Services	Total 2020
	£'m	£'m	£'m	£'m
United Kingdom	651.5	690.8	78.7	1,421.0
Netherlands	-	-	23.9	23.9
Belgium	-	-	165.0	165.0
Germany	150.0	-	8.1	158.1
Hong Kong	58.7	-	-	58.7
Singapore	14.3	-	13.1	27.4
Spain	55.9	-	0.6	56.5
UAE	30.6	-	-	30.6
France	9.9	-	-	9.9
Malaysia	6.8	-	-	6.8
Other	81.2	-	4.0	85.2
Total revenue	1,058.9	690.8	293.4	2,043.1
Inter-company elimination	-	-	-	-
Revenue from external customers	1,058.9	690.8	293.4	2043.1

Year to 31 December 2019	Fit Out	Construction	Engineering Services	Total 2019
	£'m	£'m	£'m	£'m
United Kingdom	837.3	562.2	131.1	1,530.6
Netherlands	-	-	334.1	334.1
Belgium	5.5	-	314.6	320.1
Germany	124.0	-	-	124.0
Hong Kong	71.0	-	-	71.0
Singapore	37.9	-	13.2	51.1
Spain	32.8	-	-	32.8
UAE	29.4	-	0.1	29.5
France	26.5	-	-	26.5
Malaysia	21.6	-	-	21.6
Other	62.3	-	15.3	77.6
Total revenue	1,248.3	562.2	808.4	2,618.9
Inter-company elimination	(19.5)	-	(9.7)	(29.2)
Revenue from external customers	1,228.8	562.2	798.7	2,589.7

During both periods all revenue is recognised over time during the contract works phase.

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Revenue recognised in relation to Contract Liabilities:

	31 December 2020 £'m	31 December 2019 £'m
- Revenue recognised that was included in contract liability balance at the beginning of period	98.6	112.4
- Revenue recognised from performance obligations satisfied in previous periods	(0.1)	4.3

Remaining Performance Obligations:

At 31 December 2020	2021 £'m	2022 – 2024 £'m	Total £'m
- Revenue from contracts already secured and due to be recognised in future periods	1,283.2	215.8	1,499

6. OPERATING PROFIT

	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
Amortisation of intangible assets	5.3	6.5
Depreciation	9.2	9.3
Foreign exchange loss/(profit)	(1.2)	1.3
Research and development expenses	6.2	6.8
Research and development expenditure tax credit	(0.8)	(0.8)
Short-term lease expense	0.1	0.6
Low value lease expense	0.1	0.1
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	0.1
Government grant income	(6.1)	-

During the year, the Group has received government grants in various countries in which it operates relating to assistance for employers during the COVID-19 pandemic.

	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	0.1	0.1
Fees payable to the company's auditor and its associates for other services to the Group:		
- Audit of the company's subsidiaries pursuant to legislation	0.7	0.7
- Services relating to tax	-	0.1
Total fees payable to Group's auditor	0.8	0.9

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7. STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
Salaries and wages	**182.0**	197.5
Social security costs	**21.5**	23.5
Termination payments	**4.4**	2.6
Long-term benefits costs including defined contribution pension costs	**7.3**	8.7
	215.2	232.3

Certain subsidiary undertakings of the Group operate defined contribution pension schemes. The assets of the schemes were held separately from those of the Group by an independently administered fund. The only other pension contributions made by the Group are to employees' personal pension schemes under a salary waiver arrangement.

Employees	12 months ended 31 December 2020 Number	12 months ended 31 December 2019 Number
Average number of persons (including directors) employed by Group in the period:		
Construction	**822**	766
Fit Out	**1,539**	1,465
Engineering Services	**408**	512
Head office	**327**	310
	3,096	3,053

In the table above five directors are included in Head office for 2020 (2019: five).

Remuneration of key management personnel

All key management personnel are directors of the Group. The remuneration of key management personnel is included in the directors' emoluments disclosure shown below.

Directors' emoluments

	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
Short-term employee benefits	**4.5**	9.4
Post-employment benefits	**0.1**	0.1
	4.6	9.5

Directors' emoluments (excluding social security costs) include £2.2m (2019 £4.1m) of short-term employee benefits and £nil (2019 £nil) post-employment benefits for the highest paid director. As at 31 December 2020, the outstanding directors' bonus accrual was £7.2m, all of which was due to be paid within 12 months (2019: £11.0m, of which £6.0m was paid within 12 months). During the period six directors received contributions under a defined contribution scheme (2019: three).

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8. FINANCE INCOME

	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
Interest on bank deposits	-	0.1
Other finance income	**0.1**	0.1
Total finance income	**0.1**	0.2

9. FINANCE COSTS

	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
Interest on bank overdrafts and loans	-	0.1
Interest expense on lease liabilities	**0.9**	1.1
Interest payable to immediate parent	-	0.7
Other interest costs	**0.1**	0.2
Total finance costs	**1.0**	2.1

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10. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Taxation charge

	12 months ended 31 December 2020 £'m	12 months ended 31 December 2019 £'m
UK current tax		
UK corporation tax on profits for the period	2.0	5.1
Double tax relief	-	(0.4)
Adjustment in respect of prior periods	1.8	0.9
	3.8	5.6
Overseas current tax		
Overseas taxation on profits for the period	2.4	8.4
Adjustment in respect of prior periods	0.1	-
Total current tax	6.3	14.0
Deferred tax		
Origination and reversal of temporary differences arising in the period	-	(0.9)
Adjustment in respect of prior periods	(0.8)	-
Effect of change in tax rates	(0.6)	(0.6)
Total deferred tax (Note 16)	(1.4)	(1.5)
Total tax expense	4.9	12.5

UK Corporation tax is calculated at 19.0% (2019: 19.0%) of the estimated taxable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

b. Taxation reconciliation for continuing operations

The charge for the period can be reconciled to the profit per the income statement as follows:

	2020 £'m	2020 %	2019 £'m	2019 %
Profit before tax	8.9		44.2	
Tax due if paid at the applicable UK corporation tax rate of 19.0% (2019: 19.0%)	1.7	19.0	8.4	19.0
Adjusting items				
Adjustment relating to release of prior period corporation tax provisions	1.9		1.0	
Tax effect of utilisation of tax losses not previously recognised	(0.3)		(0.3)	
Effect of different tax rates of operations in other jurisdictions	0.5		0.9	
Tax effect of expenses that are not deductible in determining taxable profit	2.3		1.7	
Effect of current year losses not utilised	3.2		2.4	
Effect of movements in deferred tax	(0.9)		(0.6)	
Effect of deduction in relation to research and development expenditure	0.2		0.1	
Tax effect of changes in tax rate	(0.7)		-	
Tax effect of income that is not taxable in determining taxable profit	(3.0)		(1.1)	
Income tax expense recognised in the income statement	4.9	55.1	12.5	28.3

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11. GOODWILL

	£'m
Cost	
Balance at 1 January 2020	168.9
Disposals in the period	(6.0)
Net foreign currency exchange differences	1.5
Balance at 31 December 2020	**164.4**
Carrying amount	
As at 31 December 2020	**164.4**
As at 31 December 2019	168.9

Following the sale of the Commtech Group to a related party, goodwill of £6.0m attributed to this business was disposed during the year. See Note 26 for further information.

Following changes in the operation and management structure of the Group, which has resulted in the focus on the core service lines of Fit Out, Construction and Engineering Services, during the year the Cash Generating Units (CGU) as used for impairment testing purposes, have been aligned to these Service Lines. As the change resulted in the Fit Out CGU becoming a combination of four historical CGUs the goodwill of the new Fit Out CGU was the total of the goodwill previously allocated to the four historical CGUs. No changes were made to the Construction or Engineering Services CGU.

Goodwill has been allocated for impairment testing purposes to the following businesses:

	2020 £'m	Basis	Discount Rate %	Growth Rate Applied %
Fit Out	**125.5**	Value in use	10.0	2
Engineering Services	**38.9**	Value in use	12.4	2
	164.4			

The impairment tests were based on the latest management information from the annual budgeting process. This covered the 2021 to 2024 period and it considered all known factors that would impact on future growth, including the impact from COVID-19 seen during 2020. A review of the discount rate and growth rate was carried out in 2020 and were determined using a third-party expert. Sensitivities were applied by changing the discount and growth rate. The headroom arising on the impairment tests was £469.7m. A 1% increase in the discount rate reduces the headroom by £62.8m. A 1% decrease in the growth rate reduces the headroom by £43.8m

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12. OTHER INTANGIBLE ASSETS

	Trademarks and licences £'m	Customer relationships £'m	Software £'m	Total £'m
Cost				
Balance at 1 January 2019	31.4	24.0	7.6	63.0
Net foreign currency exchange differences	(0.3)	(0.2)	-	(0.5)
Additions	-	-	3.0	3.0
Disposals	-	-	(0.6)	(0.6)
Balance at 1 January 2020	31.1	23.8	10.0	64.9
Net foreign currency exchange differences	0.3	-	-	0.3
Additions	-	-	1.4	1.4
Disposals	-	-	-	-
Balance at 31 December 2020	**31.4**	**23.8**	**11.4**	**66.6**
Accumulated amortisation				
Balance as of 1 January 2019	(8.6)	(21.7)	(2.1)	(32.4)
Charge for the period	(3.0)	(2.1)	(1.4)	(6.5)
Disposals	-	-	0.6	0.6
Balance as of 1 January 2020	(11.6)	(23.8)	(2.9)	(38.3)
Charge for the period	(3.0)	-	(2.3)	(5.3)
Disposals	-	-	-	-
Balance at 31 December 2020	**(14.6)**	**(23.8)**	**(5.2)**	**(43.6)**
Carrying amount				
As at 31 December 2020	**16.8**	**-**	**6.2**	**23.0**
As at 31 December 2019	19.5	-	7.1	26.6

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'m	IT and office equipment £'m	Total £'m
Cost			
Balance at 1 January 2019	32.0	11.9	43.9
Additions	4.6	3.2	7.8
Disposals	(0.6)	(0.7)	(1.3)
Balance at 1 January 2020	36.0	14.4	50.4
Additions	1.3	2.0	3.3
Disposals	(1.7)	(3.6)	(5.3)
Impact of modification of lease terms	(1.3)	-	(1.3)
Net foreign currency exchange differences	0.3	-	0.3
Balance at 31 December 2020	**34.6**	**12.8**	**47.4**
Accumulated depreciation			
Balance at 1 January 2019	(1.6)	(2.5)	(4.1)
Disposals	0.5	0.6	1.1
Charge for the period	(5.4)	(3.9)	(9.3)
Balance at 1 January 2020	(6.5)	(5.8)	(12.3)
Disposals	1.1	3.0	4.1
Charge for the period	(5.6)	(3.6)	(9.2)
Balance at 31 December 2020	**(11.0)**	**(6.4)**	**(17.4)**
Carrying amount			
As at 31 December 2020	**23.6**	**6.4**	**30.0**
As at 31 December 2019	29.5	8.6	38.1

Right-of-use assets

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

	Leasehold improvements £'m	IT and office equipment £'m	Total £'m
Carrying amount at 1 January 2020	22.3	3.1	25.4
Additions	1.3	0.6	1.9
Disposals	(0.4)	-	(0.4)
Depreciation charge for the period	(4.2)	(1.8)	(6.0)
Modification to lease terms	(1.3)	-	(1.3)
Foreign Exchange movement	0.3	-	0.3
Carrying amount at 31 December 2020	**18.0**	**1.9**	**19.9**

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 6. Interest expense on lease liabilities are detailed in Note 9. Lease liabilities are disclosed in Note 17. The accounting policy for leases is disclosed in Note 3.

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14. TRADE AND OTHER RECEIVABLES

	2020	2019
	£'m	£'m
Non-current		
Trade receivables (including retentions)	**37.9**	33.7
Other receivables	**0.7**	0.8
Total non-current trade and other receivables	**38.6**	34.5
Current		
Trade receivables (including retentions)	**259.7**	356.8
Less: provision for impairment	**(4.6)**	(2.6)
Trade receivables net	**255.1**	354.2
Other receivables	**7.7**	15.5
Receivable from related parties	**18.9**	1.2
Prepayments	**8.7**	8.5
Total current trade and other receivables	**290.4**	379.4
Total trade and other receivables	**329.0**	413.9

The Board considers that the carrying amount of trade and other receivables approximates their fair value. The Group measures expected credit losses by division based on credit risk and the aging of these receivables. These are determined by, amongst other considerations, reference to past default experience, and specific provisions are raised as needed after taking an individual view to debt recoverability. Trade receivables amounting to £122.1m were pledged under a Cathexis Group loan arrangement, (2019: £194.2m).

Due to the nature of the Group's operations, it is normal practice for customers to hold retentions in respect of contracts completed. Retentions held by customers as at 31 December 2020 were £107.9m (2019 £102.7m). Under the normal course of business, the Group does not charge interest on its overdue receivables.

Included in other receivables in an amount of £0.6m relating to assets held for sale of the planned disposal of ISG Asia (Malaysia) Sdn.

15. ANALYSIS OF NET CASH POSITION

	Balance at 1 January 2019 £'m	Cash flow £'m	Foreign exchange £'m	Balance at 31 December 2019 £'m	**Cash flow £'m**	**Foreign exchange £'m**	**Balance at 31 December 2020 £'m**
Cash and cash equivalents	102.8	11.6	2.5	116.9	**(16.2)**	**0.8**	**101.5**
Loan from parent	(25.0)	25.0	-	-	**-**	**-**	**-**
Liquid facility	-	-	-	-	**-**	**-**	**-**
Other borrowings	(0.4)	0.4	-	-	**-**	**-**	**-**
Net cash	77.4	37.0	2.5	116.9	**(16.2)**	**0.8**	**101.5**

The Group's exposure to interest rate and exchange risks and a sensitivity analysis for financial assets and liabilities is disclosed in Note 22.

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16. DEFERRED TAX

Deferred tax liabilities represent sums that might become payable in tax in future years as a result of transactions that have occurred in the current period. The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current reporting period.

Deferred tax assets

	Accelerated tax depreciation £'m	Right-of-use assets £'m	Lease liability £'m	Other £'m	Tax losses £'m	Total £'m
Balance at 1 January 2019	1.6	(5.9)	6.9	1.7	1.8	6.1
(Charge)/credit to income	(0.6)	0.5	(0.7)	0.6	-	(0.2)
Balance at 1 January 2020	1.0	(5.4)	6.2	2.3	1.8	5.9
(Charge)/credit to income	0.2	1.3	(1.4)	0.1	-	0.2
(Charge)/credit due to change in tax rate	0.1	(0.4)	0.5	0.3	0.2	0.7
Balance at 31 December 2020	**1.3**	**(4.5)**	5.3	**2.7**	**2.0**	**6.8**

Deferred tax liabilities

	Intangible assets £'m	Total £'m
Balance at 1 January 2019	(5.4)	(5.4)
Credit to income	1.6	1.6
Balance at 1 January 2020	(3.8)	(3.8)
Credit to income	0.5	0.5
Balance at 31 December 2020	**(3.3)**	**(3.3)**

Other deferred tax assets comprise movements on provisions and other short-term timing differences. At the balance sheet date, there were unused tax losses of approximately £79.5m that are available for offset against future profits. A deferred tax asset of £2.0m has been recognised in relation to £10.8m of these losses. Recognised temporary differences total £2.7m of which £1.8m relates to unpaid bonuses with the balance relating to short term timing differences on contractual liabilities.

The average tax rate applied to deferred tax is 19%. This is in line with the substantively enacted UK tax rate 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%, rather than the previously enacted reduction to 17%. In line with this change, the UK deferred tax balances have been re-measured using 19%.

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17. LEASE LIABILITIES

	2020	2019
	£'m	£'m
Lease liabilities included in the balance sheet		
Current	5.9	6.5
Non-current	18.7	24.1
Total	24.6	30.6
Reconciliation of carrying amount		
Carrying amount at 1 January	30.6	36.5
Additions	1.9	1.7
Interest expense	0.9	1.1
Disposals	(0.4)	-
Modification to lease terms	(1.3)	-
Lease payments	(6.9)	(8.6)
Foreign exchange movement	(0.2)	(0.1)
Carrying amount at 31 December	24.6	30.6
Maturity analysis – contractual undiscounted cash flows		
Lease liabilities which expire:		
Within one year	6.4	6.9
Within two to five years	18.9	19.5
After five years	2.6	8,7
Total undiscounted lease liabilities at 31 December	27.9	35.1

See related lease disclosure 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 6. Interest expense on lease labilities are detailed in Note 9. Right-of-use assets are disclosed in Note 13. The accounting policy for leases is disclosed in Note 3.

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18. TRADE AND OTHER PAYABLES

	2020 £'m	2019 £'m
Non-current		
Trade payables (including retentions)	**36.2**	23.9
Other payables	**-**	-
Total non-current trade and other payables	**36.2**	23.9
Current		
Trade payables (including retentions)	**195.1**	234.3
Contract accruals	**308.8**	266.6
Other taxation and social security	**14.3**	8.3
Other payables	**20.1**	21.6
Payable to related party	**5.4**	0.2
VAT	**7.7**	22.5
Accruals	**16.4**	42.0
Total current trade and other payables	**567.8**	595.5
Total trade and other payables	**604.0**	619.4

An analysis of the maturity of debt is given in Note 22.

The Group's policy is to fix payment terms when agreeing the terms of each transaction. It is the Group's general policy to pay suppliers according to the agreed terms and conditions, provided that the supplier has complied with those terms. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Therefore, under the normal course of business, the Group is not charged interest on overdue payables. The Board considers that the carrying amount of trade and other payables approximates their fair value.

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19. CONSTRUCTION CONTRACTS

Contact assets and liabilities are disclosed on the balance sheet as Amounts due from construction contract customers and Amounts due to construction contract customer. Where there is a corresponding contract asset and liability in relation to the same contract, the balance sheet is shown in the net position. The timing of the work performed (aligned to the revenue recognised), billing profiles and cash collection results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised and customer advances and deposits (contract liabilities) where corresponding work has yet to be performed, being recognised on the Group's balance sheet.

The reconciliation of the opening to closing contract balance is shown below:

	Contract asset £'m	Contract liability £m
As at 1 January 2019	167.3	(112.4)
Revenue recognised in the year	2,477.3	112.4
Net cash received in advance of performance obligations being fully satisfied	-	(98.6)
Transfers from contract assets to trade receivables	(2,540.0)	-
As at 1 January 2020	104.6	(98.6)
Revenue recognised in the year	1,944.5	98.6
Net cash received in advance of performance obligations being fully satisfied	-	(18.6)
Transfers from contract assets to trade receivables	(1,925.2)	-
As at 31 December 2020	**123.9**	**(18.6)**

Revenue for performance obligations that are not fully satisfied at the year end are expected to be recognised as disclosed in note 5.

20. CAPITAL AND OTHER COMMITMENTS

At 31 December 2020, the Group and the Company had no capital commitments (2019 £nil).

21. CONTINGENT LIABILITIES

There are Group cross guarantees from the company with certain subsidiaries with the Group's banks and surety lenders. No monies were outstanding as at 31 December 2020 (2019 £nil). 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 £141.9m (2019 £146.5m).

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22. FINANCIAL INSTRUMENTS

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the Group from which financial instrument risk arises are shown in the table following.

Categories of financial instruments

	2020	2019
	£'m	£'m
Financial assets (amortised cost)		
Trade receivables (non-current)	**37.9**	33.7
Other receivables (non-current)	**0.7**	0.8
Trade receivables (current)	**255.1**	354.2
Other receivables including related parties (current)	**26.6**	16.7
Cash and cash equivalents	**101.5**	116.9
Total financial assets	**421.8**	522.3
Financial liabilities (amortised cost)		
Trade payables (non-current)	**36.2**	23.9
Lease liabilities (non-current)	**18.7**	24.1
Lease liabilities (current)	**5.9**	6.5
Trade payables (current)	**195.1**	234.3
Other payables (current)	**13.8**	21.8
Contract accruals	**308.8**	266.6
Accruals	**16.4**	42.0
Contingent consideration (current)	**-**	-
Total financial liabilities	**594.9**	619.2

Financial instruments not carried at fair value
The Board considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximate to their fair values, due to the short maturity of the instruments or because they bear interest at rates approximate to the market.

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Financial risk management

The Group's activities expose it to a variety of risks, the key risks identified being:

- Market risk
- Credit risk
- Foreign currency risk
- Liquidity risk
- Interest rate risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and procedures for measuring and managing risk. Please refer also to the principal business risks on pages 26 to 28.

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's 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.

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Board reviewed and agreed the policy for managing interest rate risk and foreign currency risk, and the potential impact of any significant economic changes are discussed at monthly Board meetings. Refer to both foreign currency risk and interest rate risk headings below.

Credit risk

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

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, and contract assets, that represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Cash and cash equivalents

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 Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved financial institutions.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse geographical areas, and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The Group does not have any significant net credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments when there is objective evidence that the asset is impaired. The Group applies the IFRS 9 simplified approach to measuring expected credit losses. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined by references to past default experience and historical data of payment statistics for similar financial assets.

Before accepting any new customer, the Group runs credit checks to assess the potential customer's credit quality. The Group monitors exposure to individual clients and all customers are subject to standard terms of payment for each division.

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The lifetime expected loss provision for trade receivables is as follows:

	2020 Gross		2020 Loss provision	2019 Gross		2019 Loss provision
	£'m	Expected Loss Rate	£'m	£'m	Expected Loss Rate	£'m
Not past due	207.5	0%	-	189.4	0.%	-
Past due 0 – 30 days	24.1	0%	-	98.7	0%	-
Past due 30 – 60 days	8.0	0%	-	51.1	0%	-
Past due 60 – 90 days	4.9	0%	-	2.8	0%	-
Past due 90 – 120 days	3.5	0%	-	3.3	0%	0.1
Past due greater than 120 days	11.7	39%	4.6	11.5	22%	2.5
	259.7	2%	4.6	356.8	1%	2.6

None of these Trade receivables have has a significant change in credit risk since initial recognition and therefore with the Group's history of very low levels of non recoverable amounts there is no collective loss component of the expected credit loss provision applied. Specific loss components of the expected credit loss have been recognised for certain receivables that are in the category of past due greater than 120 days.

External credit ratings

The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	2020	2019
	£'m	£'m
Trade receivables		
A	178.1	285.3
B	26.8	16.6
Without credit rating	50.2	52.3
Total trade receivables	255.1	354.2
Cash at bank		
AAA	-	-
AA	3.7	9.2
A	94.2	103.7
BBB	3.6	3.9
BB	-	0.1
Without credit rating	-	-
Total cash at bank	101.5	116.9

Movement in the provision for impairment:

	2020	2019
	£'m	£'m
Balance at the beginning of the period	2.6	1.9
Increase in impairment provision recognised	3.1	1.1
Receivables written off as uncollectible	(0.1)	(0.2)
Amounts recovered during the period	(1.0)	(0.2)
Balance at the end of the period	4.6	2.6

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Foreign currency risk

The Group has international operations and is exposed to foreign exchange risk. The rate that has the most impact on the results of the Group is primarily the Euro (EUR). The main risk is from net investments in foreign operations, recognised assets and liabilities and future trading transactions. A 10% increase/decrease in Pounds Sterling (GBP) against the EUR would have had a circa £1.7m (2019 £1.7m) impact on trading operating profits. This analysis assumes all other variables, in particular interest rates, remain constant.

The Group monitors the net balance sheet exposure to foreign currency movements and would consider hedging against any material exposure arising. During the period the Group decided not to hedge any exposure to fluctuations in the value of the EUR, SGD, HKD and AED against the GBP since it believed that the cost outweighs the benefit and it would not be in the interests of the Group.

Foreign exchange risk is reviewed on a regular basis by the Treasury Department and the Board, and if considered necessary a strategy to minimise any potential risk will be discussed and implemented. Significant foreign exchange movements are also reviewed by the Board and the process of reviewing different options is undertaken on a quarterly basis.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, relating to operations carried out in local functional currencies, at the reporting date are as follows:

	2020 Assets £'m	2020 Liabilities £'m	2019 Assets £'m	2019 Liabilities £'m
GBP	**210.1**	**432.9**	249.5	397.4
EUR	**158.6**	**157.2**	202.3	185.9
AED	**15.4**	**14.0**	22.0	20.5
HKD	**35.7**	**18.0**	31.9	19.1
SGD	**21.3**	**10.0**	23.7	12.6
MYR	**5.0**	**4.4**	9.1	7.8
CNY	**1.2**	**0.1**	1.2	3.8
BRL	**0.2**	**2.9**	1.1	3.1
KRW	**0.8**	**0.8**	0.6	0.6
RUB	-	-	0.2	0.1
Other	**0.8**	**1.2**	3.9	4.5
	449.1	**641.5**	545.5	655.4

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate cash reserves, and banking facilities; and by monitoring, forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Further details relevant to the Group's liquidity position and its status as a going concern are included within the directors' report on page 32 and note 3.

The Group reviews its treasury position daily. A daily cash flow forecast for the next four weeks is prepared on a weekly basis and a six-month forecast is produced monthly. These forecasts are reviewed at a company and Group level. 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 daily. In addition, the top and bottom ten cash contracts by company are reviewed at company and Group level on a monthly basis.

The Group maintains cash pooling structures with relationship banks in GBP and EUR to improve access to cash and to reduce liquidity risk.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities. The tables below have been drawn up based on the earliest date on which the Group can settle the debt. The tables include both interest and principal cash flows.

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | At 31 December 2020

2020	Carrying amount £'m	Contractual cash flows £'m[1]	Less than 1 year £'m	1-2 years £'m	2-5 years £'m	More than 5 years £'m
Non-derivative financial assets						
Trade receivables (current and non-current)	293.0	293.0	255.1	37.9	-	-
Other receivables including related parties (current and non-current)	27.3	27.3	26.6	0.7	-	-
Cash and cash equivalents	101.5	101.5	101.5	-	-	-
	421.8	421.8	383.2	38.6	-	-
Non-derivative financial liabilities						
Lease liabilities (current and non-current)	24.6	24.6	5.9	3.6	13.7	1.4
Trade payables (current and non-current)	231.3	231.3	195.1	36.2	-	-
Other payables (current and non-current)	13.8	13.8	13.8	-	-	-
Contract accruals and accruals	325.2	325.2	325.22	-	-	-
	594.9	594.9	540.0	39.8	13.7	1.4

2019	Carrying amount £'m	Contractual cash flows £'m[1]	Less than 1 year £'m	1-2 years £'m	2-5 years £'m	More than 5 years £'m
Non-derivative financial assets						
Trade receivables (current and non-current)	387.9	387.9	354.2	33.7	-	-
Other receivables including related parties (current and non-current)	17.5	17.5	16.7	0.8	-	-
Cash and cash equivalents	116.9	116.9	116.9	-	-	-
	522.3	522.3	487.8	34.5	-	-
Non-derivative financial liabilities						
Lease liabilities (current and non-current)	30.6	30.6	6.5	4.9	16.4	2.8
Trade payables (current and non-current)	258.2	258.2	234.3	23.9	-	-
Other payables (current and non-current)	21.8	21.8	21.8	-	-	-
Contract accruals and accruals	308.6	308.6	308.6	-	-	-
	619.2	612.9	571.2	28.8	16.4	2.8

[1] Under IFRS 7 contractual cash flows are undiscounted and include any related future interest payments and therefore may not agree with the carrying amounts in the balance sheet.

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2020

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument, or cash flows associated with the instrument, will fluctuate due to changes in market interest rates. The Group's only interest-bearing asset is cash.

The Group is exposed to interest rate risk primarily through borrowing funds at floating interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages interest rate risk on borrowings by ensuring access to diverse funding and through monitoring interest rate movements with monthly reports.

Interest rate risk is reviewed on a regular basis and if considered necessary a strategy to minimise any potential risk through interest rate swaps is discussed and implemented. Currently the effect of interest rate changes on net interest income and expense is immaterial to the Group. If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the period would neither increase nor decrease (2019 increase or decrease by £nil) in respect to exposure to the Group's borrowings.

Capital risk management

The Board is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters. The Board manages its capital (cash, borrowings and reserves) to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders as well as sustaining the future development of the business.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of ISG Limited, comprising issued capital, reserves and retained earnings.

23. SHARE CAPITAL

	2020 Group and Parent Company Number	**2020 Group and Parent Company £'m**	2019 Group and Parent Company Number	2019 Group and Parent Company £'m
Ordinary shares of 1p each (2019 £1 each) allotted	**49,483,864**	**0.5**	49,483,864	49.5
Ordinary shares of 1p each (2019 £1 each) allotted and fully paid	**49,483,864**	**0.5**	49,483,864	49.5

The company has one class of ordinary shares that carries no rights to fixed income.

On 26 August 2020, the Company completed a share capital reduction amending the nominal value of each share from £1 to 1p. Additionally, the share premium reserve was fully cancelled on the same date.

24. DIVIDENDS

During the period to 31 December 2020 no dividends have been declared or paid. During 2019 no dividends have been declared or paid.

During the year, the directors became aware that, due to certain breaches of the Companies Act 2006, the an historical dividend declared by the Company to its sole shareholder, Cathexis UK Holdings Limited in December 2018 (the "December 2018 dividend") was not lawful.
To rectify this position (so far as possible), shareholder approval was given to 1) re-register the Company as a private limited company and 2) provide a release by the Company to Cathexis UK Holdings Limited of any liability to repay the December 2018 dividend to the Company. With both these actions executed during the year, the net impact on the Company's level of realised profits as at 31 December 2020 is as if the December 2018 dividend had been lawful.

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | At 31 December 2020

25. NON-CONTROLLING INTERESTS

	2020 £'m	2019 £'m
Balance at the beginning of the period	**0.1**	0.1
Purchase of NCI	-	-
Other	-	-
Balance at the end of the period	**0.1**	0.1

26. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The UK subsidiaries are part of the UK tax group that includes the immediate parent, and as such, UK corporation tax group relief is transferred between the UK subsidiaries and the immediate parent.

As at December 2020 there was a £0.2m creditor (2019 £0.2m), disclosed in other payables Note 18, owing to Cathexis UK Holdings Limited relating to UK corporation tax group relief. This balance is payable on demand and does not bear interest.

During 2019 the parent group entered a loan facility, as part of the overall security certain of the Group's trade receivable balances are included in the security pledged, see Note 14.

The Group provides construction services to a fellow subsidiary of the Cathexis Group (Cathexis Luxembourg Sarl). During the year the Group charged £23.7m (2019: £293.7m) of which £16.4m (2019: £18.4m) was outstanding and disclosed within trade receivables and retentions as at 31 December 2020 (Note 14).

The Group provides construction management services to the Yondr Group, a fellow group in the wider Cathexis Group. During the year the Group charged £9.8m (2019: £nil) of which £5.2m(2019: £nil) was outstanding and disclosed within trade receivables as at 31 December 2020 (Note 14). In addition, following the 2019 transaction noted below, the Group provided management and related services to the Yondr Group and the Yondr Group provided construction services to the Group. During the year the Group charged £0.6m (2019: £16.6m) to Yondr and Yondr charged £25.5m to the Group. As at 31 December 2020 £5.2m (2019: £0.7m) was owed by the Group to Yondr and is disclosed within trade payables and retentions (Note 18).

On 31 December 2020, the Group completed a transaction to transfer the ownership of Commtech Asia Limited and its subsidiaries ("Commtech Group") to become a separate group within the wider Cathexis Group. This resulted in the shares of Commtech Asia Limited being sold to Cathexis UK Holdings Limited for £10.9m which remained an unpaid balance at the year end, this is disclosed in Note 14 as a receivable from related parties. With the disposal of the related goodwill the group recognised a loss on disposal of £3.9m.

Disposal of Commtech Group	**£'m**
Consideration	10.9
Less	
Net assets of Commtech Group at date of disposal	(8.8)
Disposal of Goodwill (Note 11)	(6.0)
Loss on disposal	**3.9**

Included in the net assets of £8.8m was a cash balance of £5.8m.

During 2019 the Group repaid a £25.0m loan and £0.7m of interest to its immediate parent, Cathexis UK Holdings Limited.

On 31 December 2019, the Group completed a transaction with the Yondr Group, a fellow group within the wider Cathexis Group. The transaction related to the transfer of the Group's Technology Solutions business which included the relevant employees and customer relationships. The Group recognised a gain of £1.2m from the consideration for this transaction which remained outstanding at the year end and is disclosed in Note 14, receivable from related parties.

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2020

27. PARENT AND ULTIMATE PARENT

The immediate parent company is Cathexis UK Holdings Limited, a company incorporated and registered in the United Kingdom. At 31 December 2020, the company's ultimate parent company was Cathexis Holdings LP, a company incorporated 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 Cathexis UK Holdings Limited. Copies of the group financial statements of Cathexis UK Holdings 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.

28. POST BALANCE SHEET EVENTS

Subsequent to the year end the Group entered into an agreement to sell its French subsidiary ISG Europe SAS for €1. The effective date of the transaction was 31 March 2021 and it resulted in loss on disposal of £4.8m on that date.

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | At 31 December 2020

29. ADDITIONAL INFORMATION ON SUBSIDIARIES

The details of all the subsidiary companies as at 31 December 2020 were:

Subsidiary undertakings	Country of incorporation/ registration and operation	Address	Activity	Proportion of ordinary shares held by the Group %	Direct/ Indirect Holding
ACE-Engenharia e Construções Limiteda 35.213.630.744	Brazil	Avenida Corifeu de Azevedo Marques nº 2315, 1º Andar, Sala 3, Butantã, São Paulo, SP, CEP 05581-001.	Non trading	100	Indirect
Interior Services Group Iberia, S.L B85817633	Spain	Avenida. De Córdoba nº 21, 2, puerta 3-B, 28026 Madrid, Spain	Fit out and project management	100	Indirect
Interior Service Group Netherlands BV 34327616	Netherlands	Drechterwaard 100 1824 DX Alkmaar Netherlands	Engineering and project management	100	Indirect
Interior Service Group Österreich GmbH FN532793	Austria	1010 Wien Hegelgasse 13 Vienna Austria	Engineering and project management	100	Indirect
Interior Services Group Spain SL B86314762	Spain	Avenida. De Córdoba nº 21, 2, puerta 3-B, 28026 Madrid, Spain	Non trading	100	Indirect
ISG (Schweiz) AG CHE.114.516.167	Switzerland	Uetlibergstrasse 132, CH-8031 Zürich, Switzerland	Fit out and project management	100	Indirect
ISG Asia (China) Limited 913101156677845791	China	Room 412, Shanghai Xin Xin Business Centre, 286 Dongfang Road, Pudong New District, Shanghai, PRC	Non trading	100	Indirect
ISG Asia (Hong Kong) Limited CR-723694	Hong Kong	17/F 101 Kings Road, North Point, Hong Kong	Fit out and project management	100	Indirect
ISG Asia (Macau) Limited 22253 SO	Macau	Alameda Dr, Carlos D'Assumpcao, No 411 a 417 Edificio Dynasty Plaza, 4 andar B, C e D, Em Macau	Fit out and project management	100	Indirect
ISG Asia (Malaysia) Sdn Bhd [1] 98901004925	Malaysia	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8 Jalan Kerinchi, 59200, Kuala Lumpur, Malaysia	Construction, interior fit out, renovation and refurbishment	100	Indirect
ISG Asia (Singapore) Pte Ltd 199901695H	Singapore	180 Clemenceau Avenue #01-01 Haw Par Centre, Singapore 239922	Interior design fit out services and project planning	100	Indirect
ISG Asia Group Services Pte Limited 200615572D	Singapore	180 Clemenceau Avenue #01-01 Haw Par Centre, Singapore 239922	Group services	100	Indirect
ISG Asia Investment (Hong Kong) Limited 0771797	Hong Kong	17/F 101 Kings Road, North Point, Hong Kong	Holding company	100	Indirect

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2020

Subsidiary undertakings	Country of incorporation/ registration and operation	Address	Activity	Proportion of ordinary shares held by the Group %	Direct/Indirect Holding
ISG Building Contracting LLC* 772526	UAE	Warehouse no 07, Al Quoz Third, Plot No 413-0, Dubai, United Arab Emirates	Construction services	49	Indirect
ISG Central Services Limited 02997684	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Holding company	100	Direct
ISG Construction Limited 00450103	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Construction services	100	Indirect
ISG Construction Services SRL 0846.128.624	Belgium	Auguste Reyerslaan 80, 1030 Schaerbeek, Belgium	Fit out and project management	100	Indirect
ISG Deutschland GmbH HRB73933	Germany	Am Hauptbahnhof 18, 60329, Frankfurt, Germany	Fit out and project management	100	Indirect
ISG Engineering Services Limited 10289327	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Engineering	100	Indirect
ISG Engineering Services Nordic APS APS 37841226	Denmark	c/o PricewaterhouseCoopers, Strandvejen 44, 2900 Hellerup, Denmark	Engineering	100	Indirect
ISG Europe SAS {2) 577350424	France	14 Rue Auber, 75009, Paris, France	Fit out and project management	100	Indirect
ISG Europe Investments BV 000047540338	Netherlands	Drechterwaard 100, 1824DX, Alkmaar, Netherlands	Holding company	100	Indirect
ISG Fit Out Limited 06954059	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Fit out	100	Indirect
ISG Interior Services Group Ireland Limited 538506	Ireland	One Spencer Dock, North Wall Quay, Dublin 1, Ireland	Fit out and project management	100	Indirect
ISG Luxembourg S.à.r.l B227389	Luxembourg	37, rue d'Anvers, Luxembourg L-1130, Luxembourg	Dormant	100	Indirect
ISG Middle East LLC* 1065741	UAE	Office 602 Sama Tower, Shaikh Zayed Road, Dubai, UAE	Fit out and project management	49	Indirect
ISG Retail Limited 02721627	England	Boleyn House, St Augustine's Business Park, Whitstable, Kent CT5 2QJ, United Kingdom	Fit out and refurbishment	100	Indirect
Realys Group Limited 1071483	Hong Kong	17/F 101 Kings Road, North Point, Hong Kong	Holding company	100	Indirect
Realys Pte Ltd 201323275M	Singapore	180 Clemenceau Avenue #01-01 Haw Par Centre, Singapore 239922	Project planning and interior design fit out services	100	Indirect
Tecton Engineering GmbH HRB34028	Germany	Neumarkt 1c, 50667 Köln, Germany	Fit out and project management	100	Indirect

The Group has control over these subsidiaries and consolidates them as the Group has more than 50% of the voting and dividend rights of the entity.

[1] Under contract for sale with execution date of 1 May 2021

[2] Disposed post year end see Note 28

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | At 31 December 2020

The following UK subsidiaries are exempt from the requirements under the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A of the Act.

Subsidiary undertakings (English company registration number)	Country of incorporation/ registration and operation	Address	Activity	Proportion of ordinary shares held by the Group %	Direct/Indirect Holding
Interior Services Group Limited (4545988)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Holding company	100	Indirect
Interior Services Group (UK Holdings) Limited (4446413)	England	Aldgate House, 33 Aldgate High Street, London, EC3N 1AG, United Kingdom	Holding company	100	Indirect
ISG Construction Holdings Limited (7272660)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Holding company	100	Indirect
ISG Interior Services Group UK Limited (2989004)	England	Aldgate House, 33 Aldgate High Street, London, EC3N 1AG, United Kingdom	Fit out and project construction services	100	Indirect
ISG Jackson Limited (767259)	England	Eight Six, 86 Sandyhill Lane, Ipswich, Suffolk, IP3 0NA, United Kingdom	Construction services	100	Indirect
ISG Northern Limited (315305)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Construction services	100	Indirect
ISG Overseas Investments Limited (3791978)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Holding company	100	Indirect
ISG Pearce Limited (409459)	England	Ground Floor, Unit 1200, Park House, Parkway North, Newbrick Road, Stoke Gifford, Bristol, BS34 8YU, United Kingdom	Construction services	100	Indirect
ISG Retail and Leisure Limited (1346138)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Non trading	100	Indirect
ISG South Limited (07276092)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Construction services	100	Indirect
ISG Technology Solutions Limited (9797050)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Technology consulting services	100	Indirect
ISG UK Fit Out Limited (7267349)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Holding company	100	Indirect
ISG UK Retail Limited (4491779)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Holding company	100	Indirect
Realys Limited (08254233)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Non trading	100	Indirect
Realys Holdings Limited (9059862)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Holding company	100	Indirect

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2020

The details of dormant companies as at 31 December 2020 were:

Subsidiary undertakings (English company registration number)	Country of incorporation/ registration and operation	Address	Activity	Proportion of ordinary shares held by the Group %	Direct/Indirect Holding
Commtech (UK) Limited (3006483)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
Exterior International Limited (3454602)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
ISG Asia Limited (7395385)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
ISG Cathedral Limited (3151349)	England	Boleyn House, St Augustine's Business Park, Whitstable, Kent CT5 2QJ, United Kingdom	Dormant	100	Indirect
ISG Developments Limited (1098081)	England	Aldgate House, 33 Aldgate High Street, London, EC3N 1AG, United Kingdom	Dormant	100	Indirect
ISG Developments (Southern) Limited (1801647)	England	Eighty Six, 86 Sandyhill Lane, Ipswich, Suffolk IP3 0NA, United Kingdom	Dormant	100	Indirect
ISG Developments UK Holdings Limited (10618277)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
ISG Egypt Limited	Egypt	c/o Al Kamel Law Firm 17 Nabil El Wakad St., Dokki, Giza - Egypt	Dormant	100	Indirect
ISG Europe Limited (7662920)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
ISG Jackson Special Projects Limited (541763)	England	Eighty Six, 86 Sandyhill Lane, Ipswich, Suffolk IP3 0NA, United Kingdom	Dormant	100	Indirect
ISG Middle East Limited (7395542)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
ISG UK Limited (5086130)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
Propencity Limited (2517333)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
Realys Europe Limited (9227207)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
Totty Developments Limited (3119754)	England	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	Dormant	100	Indirect
Realys Hong Kong Limited	Hong Kong	17/F, 101 Kings Road, North Point, Hong Kong	Dormant	100	Indirect

ISG Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | At 31 December 2020

Details of companies within the ISG Group that are no longer required and are therefore in the process of liquidation as at 31 December 2020:

Subsidiary undertakings (English company registration number)	Country of incorporation/registration and operation	Address	Activity	Proportion of ordinary shares held by the Group %	Direct/Indirect Holding
ISG Middle East LLC (Qatar)*	UAE	c/o Solutions Four WLL PO Box 15644, Doha , Qatar Commercial Registration # 54905	In liquidation	49	Indirect
Realys Sdn Bhd	Malaysia	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200, Kuala Lumpur, Malaysia	In liquidation	100	Indirect

* The Group has control over these subsidiaries and consolidates them as the Group has more than 50% of the voting and dividend rights of the entity.

The NCI of all subsidiaries that are not 100% owned by the Group is immaterial

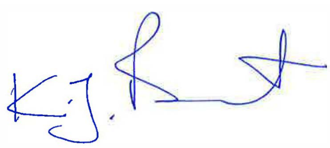
ISG Limited

COMPANY BALANCE SHEET As at 31 December 2020

	Notes	2020 £'m	2019 £'m
Non-current assets			
Investments	4	**66.5**	66.5
Current assets			
Due from subsidiary		-	-
Total assets		**66.5**	66.5
Non-current liabilities			
Due to parent		-	-
Total liabilities		-	-
TOTAL NET ASSETS		**66.5**	66.5
Capital and reserves			
Called up share capital	5	**0.5**	49.5
Share premium account	5	-	34.1
Merger reserve		**(17.1)**	(17.1)
Retained earnings		**83.1**	-
TOTAL SHAREHOLDER'S FUNDS		**66.5**	66.5

The financial statements of the company (company number 10081578) were approved by the Board of directors and authorised for issue on 7 May 2021. They were signed on behalf of the Board of directors. The profit for the period included within the financial statements of the parent company is £nil (2019 £nil). The accompanying notes form part of these financial statements.

P Cossell
Chief Executive Officer



K Booth
Chief Financial Officer

ISG Limited

COMPANY STATEMENT OF CHANGES IN EQUITY | 12 months ended 31 December 2019

	Note	Share capital £'m	Share premium £'m	Merger reserve £'m	Retained earnings £'m	Total £'m
Balance as of 1 January 2019		49.4	34.1	(17.1)	-	66.4
Share capital paid		0.1	-	-	-	0.1
Balance as of 1 January 2020		**49.5**	**34.1**	**(17.1)**	**-**	**66.5**
Share capital reduction	5	(49.0)	(34.1)	-	83.1	-
Balance at 31 December 2020		**0.5**	**-**	**(17.1)**	**83.1**	**66.5**

The merger reserve was created on the acquisition of ISG Central Services Limited in 2016. The merger reserve comprises the difference between the value of shares issued and the carrying value of investments arising from a group reconstruction under common control. The accompanying notes form part of these financial statements.

ISG Limited

COMPANY STATEMENT OF CHANGES IN EQUITY | At 31 December 2020

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements (FRS 100) and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The principal 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 Pounds Sterling and amounts have been presented in millions. The Group consolidated financial statements are also prepared in accordance with International Financial Reporting Standards, the principal accounting policies adopted are the same as those set out in Note 3 to the consolidated financial statements in so far as they are relevant to the parent company financial statements. The Company is included within the consolidated financial statements of ISG Limited.

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:

- the effect of future accounting standards not yet adopted.
- 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).
- impairment of assets.

Investments

Investments are carried at cost, net of any recognised impairment.

2. PARENT COMPANY PROFIT AND LOSS ACCOUNT

The Company has taken advantage of section 408(3) of the Companies Act 2006 and has not presented its own profit and loss account. The profit for the period was included within the financial statements of the parent company and was £nil (2019 £nil). No dividends were declared or paid in the period (2019: £nil).

3. CASH FLOW STATEMENT

The Company had no bank account or cash flows during the period and therefore, has not prepared a cash flow statement.

4. INVESTMENTS

	2020 £'m	2019 £'m
Cost		
Balance at the beginning of the period	**66.5**	66.4
Additions	-	0.1
Balance at the end of the period	**66.5**	66.5

See Note 29 of the Group accounts for details of the subsidiary undertakings.

5. SHARE CAPITAL AND DIVIDENDS

For details of the share capital see Note 23 of the Group accounts; for details of the dividends see Note 24 of the Group accounts.

6. STAFF COSTS

There were no employees during the period.

ISG Limited

INCOME STATEMENT FOR MANAGEMENT PURPOSES - UNAUDITED | For the 12 months ended 31 December 2020

		12 months ended 31 December 2020			12 months ended 31 December 2019		
		Reported	Non underlying	Total	Reported	Non underlying	Total
		£'m	£'m	£'m	£'m	£'m	£'m
Revenue	-	**2,043.1**	**(16.8)**	**2,026.3**	2,589.7	(5.6)	2,584.1
Cost of sales		**(1,925.6)**	**15.0**	**(1,910.6)**	(2,405.4)	5.7	(2,399.7)
Gross profit/(loss)		**117.5**	**(1.8)**	**115.7**	184.3	0.1	184.4
Administrative expenses				**(78.1)**			(121.1)
Underlying EBITDA				**37.6**			63.3
Non underlying items				**(13.3)**			(3.2)
Depreciation				**(9.2)**			(7.4)
Amortisation				**(5.3)**			(6.5)
Finance costs, net	-			**(0.9)**			(1.9)
Profit before tax				**8.9**			44.2
Taxation				**(4.9)**			(12.5)
Profit for the period				**4.0**			31.7

Non-underlying items include those which the Group believes should be separately identified on the face of this income statement for management purposes to assist in understanding the underlying financial performance achieved by the Group. Such items will affect the absolute amount of the results for the period and the trend of results. These include the trading results of businesses to be discontinued, gains and losses on the disposal of businesses and investments, costs of restructuring and reorganisation of existing businesses, acquisition costs, impairment charges on intangible assets arising on business combinations and impairment of goodwill.

Officers and professional advisors

Directors
W Harrison (Chairman)
P Cossell (Chief Executive Officer)
K Booth (Chief Financial Officer)
R Hubbard (Chief Marketing Officer)
J Falconer (Chief Human Resources Officer)
M Blowers (Chief Operating Officer, Fit Out)
Z Price (Chief Operating Officer, Construction)
B Korink (Chief Operating Officer, Engineering Services)
J Moy (Non-Executive Director)

Company secretary
N Heard

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Auditor
BDO LLP
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Solicitor
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23 March 2016

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ISG2982 (05/2021)