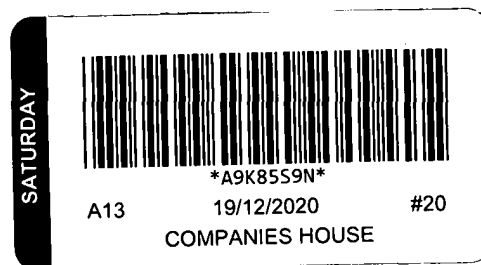


Company Registration No. 01714804 (England and Wales)

**ISG (GROUP SERVICES) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# ISG (GROUP SERVICES) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr D E Berger Mr S A J Lowndes Mr A R Scheller
<b>Secretary</b>	Mr S A J Lowndes
<b>Company number</b>	01714804
<b>Registered office</b>	Hays House Millmead Guildford Surrey GU2 4HJ
<b>Auditor</b>	Edwards 34 High Street Aldridge Walsall West Midlands WS9 8LZ

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# **ISG (GROUP SERVICES) LIMITED**

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# **ISG (GROUP SERVICES) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report and financial statements for the year ended 31 December 2019.

#### **Principal activities**

The company's principal activity is that of the provision of group services to companies within the Information Services Group, headed by Information Services Group, Inc.

The company is a subsidiary of Information Services Group, Inc., ('ISG', 'the Group'). The Group is a management consulting firm that identifies and delivers significant improvement in the business operations of large global organisations. With over 1,300 professionals operating in 21 countries, ISG brings together a more comprehensive range of research, consulting and managed services offerings to deliver even greater value for our clients. From trusted business performance metrics and detailed assessment analytics to industry-leading transformation methodologies, ISG helps clients assess, optimise, and manage their operational environment and drive operational excellence throughout your organisation. The Company provides the services offered by the Group to its customers within the UK and Europe.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D E Berger  
Mr S A J Lowndes  
Mr A R Scheller

#### **Directors' insurance**

Throughout the financial year and up to the date of the approval of these financial statements, the ultimate parent company, Information Services Group, Inc., maintained Directors' & Officers' Liability insurance policies on behalf of the directors of the company. These policies meet the 2006 companies act definition of a qualifying third party indemnity provision.

#### **Post reporting date events**

On 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. The company took advantage of various government schemes in order to minimise any lasting impact and to ensure the going concern status. Management continue to closely monitor the evolution of this pandemic, including how it may affect the company, the economy and the general population further into the future. We currently have an appropriate response plan in place, and we will continue to monitor and assess the ongoing development and respond accordingly.

#### **Auditor**

Edwards were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **ISG (GROUP SERVICES) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**


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### **Funding and liquidity**

The Company has net current assets of £9,041,000 as at 31 December 2019 (2018: £8,837,956). The financial statements have been prepared on a going concern basis, which is dependent on the continuing financial support of the ultimate parent company, Information Services Group, Inc., because all the trade originates from ISG.

Information Services Group, Inc. has confirmed that it will provide financing to the Company, if required, to allow the Company to pay its debts as they fall due, for a period of at least twelve months following the signing of these financial statements.

On behalf of the board



Mr S A J Lowndes

**Director**

16 December 2020

# **ISG (GROUP SERVICES) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ISG (GROUP SERVICES) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ISG (GROUP SERVICES) LIMITED

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#### Opinion

We have audited the financial statements of ISG (Group Services) Limited (the 'company') for the year ended 31 December 2019 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

# **ISG (GROUP SERVICES) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ISG (GROUP SERVICES) LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the website of the Financial Reporting Council at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# **ISG (GROUP SERVICES) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ISG (GROUP SERVICES) LIMITED**

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#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Paul Tonks BSc (Econ) FCA (Senior Statutory Auditor)**  
**for and on behalf of Edwards**

18 December 2020

**Chartered Accountants**  
**Statutory Auditor**

34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ

# ISG (GROUP SERVICES) LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	4	3,250,608	3,569,659
Cost of sales		(3,198,040)	(3,762,418)
<b>Gross profit/(loss)</b>		<u>52,568</u>	<u>(192,759)</u>
Investment income	8	340,789	318,328
Finance costs	9	(12,361)	(11,209)
<b>Profit before taxation</b>		<u>380,996</u>	<u>114,360</u>
Tax on profit	10	18,689	17,376
<b>Profit and total comprehensive income for the financial year</b>		<u><u>399,685</u></u>	<u><u>131,736</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

# ISG (GROUP SERVICES) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Non-current assets</b>					
Intangible assets	11	136,123		-	
Property, plant and equipment	12	911,562		418,897	
		<u>1,047,685</u>		<u>418,897</u>	
<b>Current assets</b>					
Trade and other receivables	13	14,262,069	12,283,420		
Cash and cash equivalents		276,178	326,140		
		<u>14,538,247</u>	<u>12,609,560</u>		
<b>Current liabilities</b>	14	(5,497,247)	(3,771,604)		
<b>Net current assets</b>		<u>9,041,000</u>		<u>8,837,956</u>	
<b>Total assets less current liabilities</b>		<u>10,088,685</u>		<u>9,256,853</u>	
<b>Non-current liabilities</b>	14	(417,758)		-	
<b>Net assets</b>		<u><u>9,670,927</u></u>		<u><u>9,256,853</u></u>	
<b>Equity</b>					
Called up share capital	19	1,000	1,000		
Capital contribution reserve		788,715	788,715		
Retained earnings		8,881,212	8,467,138		
<b>Total equity</b>		<u><u>9,670,927</u></u>		<u><u>9,256,853</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 16 December 2020 and are signed on its behalf by:



Mr S A J Lowndes  
Director

Company Registration No. 01714804

# ISG (GROUP SERVICES) LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital £	contribution reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2018</b>	1,000	788,715	8,181,680	8,971,395
<b>Year ended 31 December 2018:</b>				
Profit and total comprehensive income for the year	-	-	131,736	131,736
Adjustment in respect of employee share schemes	-	-	153,722	153,722
<b>Balance at 31 December 2018</b>	1,000	788,715	8,467,138	9,256,853
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year	-	-	399,685	399,685
Adjustment in respect of employee share schemes	-	-	14,389	14,389
<b>Balance at 31 December 2019</b>	1,000	788,715	8,881,212	9,670,927

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

ISG (Group Services) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hays House, Millmead, Guildford, Surrey, GU2 4HJ. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Information Services Group, Inc. The group accounts of Information Services Group, Inc are available to the public.

#### **1.2 Going concern**

The company monitors cash flow as part of its control procedures. The directors consider cash flow projections on a monthly basis and ensure that appropriate facilities are available to be drawn upon as necessary.

Based upon the activity levels forecast and confirmation that sufficient financial support will be provided by the ultimate parent company, the directors consider that the company will be able to maintain its cash at bank resources through the period that is twelve months from the date of approval of these financial statements.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Revenue**

Revenue is recognised for the sale of services by applying the following five steps: (1) identify the contract with the customer; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s); and (5) recognise revenue when (or as) the Company satisfies the performance obligations.

Revenue represents sales to fellow group subsidiaries at invoiced amounts for regional management services including Finance, HR and IT functions, plus mark up. Revenues are earned over time and recognised as the company invoices its fellow group subsidiaries.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.4 Intangible assets other than goodwill

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of two and a half years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying value amount may be impaired.

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% straight line
Fixtures and fittings	20% straight line
Computers	40% straight line
Right of use assets	Over lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1 Accounting policies

(Continued)

##### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial assets at fair value through profit or loss**

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### **Financial assets at fair value through other comprehensive income**

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognised or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.



# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### 1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1 Accounting policies

(Continued)

##### 1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and 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 other property, plant and equipment. 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 unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's 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.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

##### 1.17 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 401 of the Companies Act 2006 not to prepare group accounts.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period and may have an effect on future periods:

##### IFRS16 Leases

Effective for annual periods beginning 1 January 2019, IFRS 16 Leases replaced IAS 17 Leases and requires lessees to recognise right-of-use assets and lease liabilities for all leases (be they operating or financing in classification under IAS 17), with optional application for those leases with a term of 12 months or less or where the underlying asset is low value.

The Company has performed the required assessment of its cumulative adjustment on transition to IFRS 16 with effect from 1 January 2019 and applied the standard from the transitional date using the modified retrospective approach and not restating comparatives.

More information is included within note 16.

#### 3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

No critical estimates and assumptions have been used in the preparation of financial statements.

#### 4 Revenue

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and the company is therefore exempt from the requirement to disclose a geographic analysis of revenue.

The company does not have contract assets and contract liabilities.

#### 5 Operating profit/(loss)

	2019	2018
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	2,054	6,302
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	19,611
Depreciation of property, plant and equipment	351,864	391,670
Loss on disposal of property, plant and equipment	10,999	-
Amortisation of intangible assets (included within cost of sales)	13,477	5,633

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was 26 (2018: 27).

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,254,411	1,352,596
Social security costs	154,860	192,076
Pension costs	77,928	79,894
	<u>1,487,199</u>	<u>1,624,566</u>

### 7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	131,195	219,145
Company pension contributions to defined contribution schemes	7,500	14,669
	<u>138,695</u>	<u>233,814</u>

There was 1 director (2018 - 2 directors) in the Company's defined contribution pension scheme 'Compass Group Personal Pension' during the year.

There was 1 director (2018: 2 directors) entitled to shares under the ISG Group long-term incentive scheme.

£131,195 (2018: £219,145) emoluments was paid to the one (2018: two) directors of ISG (Group Services) Limited for their services as a director of ISG (Group Services) Limited and other subsidiaries in the ISG Group.

The highest paid director received emoluments of £138,695 (2018: £120,766) during the year which pertains to salary, car allowance and company pension contributions.

One of the directors was granted 1,786 restricted stock units (2018: 1,176).

The remaining directors are employees of Information Services Group, Inc. based in the US and are remunerated for their services to the Group, not as directors of the Company. No recharge is made to the Company and hence no amounts are disclosed above.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Investment income

	2019 £	2018 £
<b>Interest income</b>		
Interest receivable from group companies	340,789	318,328

### 9 Finance costs

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	12,361	11,209

### 10 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	27,222	10,801
Adjustments in respect of prior periods	(45,911)	(28,177)
<b>Total UK current tax</b>	(18,689)	(17,376)

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

	2019 £	2018 £
Profit before taxation	380,996	114,360
Expected tax charge based on a corporation tax rate of 19.00% (2018: 19.00%)	72,389	21,728
Effect of expenses not deductible in determining taxable profit	4,338	18,014
Income not taxable	-	2,877
Change in unrecognised deferred tax assets	24,765	12,067
Adjustment in respect of prior years	(45,911)	(28,177)
Group relief	(74,270)	(43,885)
<b>Taxation credit for the year</b>	(18,689)	(17,376)

#### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on (6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020 from the current rate of 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 Intangible fixed assets

	Software £
<b>Cost</b>	
At 31 December 2018	33,797
Additions	149,600
Disposals	(33,797)
At 31 December 2019	149,600
<b>Amortisation and impairment</b>	
At 31 December 2018	33,797
Charge for the year	13,477
Eliminated on disposals	(33,797)
At 31 December 2019	13,477
<b>Carrying amount</b>	
At 31 December 2019	136,123

### 12 Property, plant and equipment

	Leasehold improvements £	Fixtures and fittings £	Computers £	Right of use assets £	Total £
<b>Cost</b>					
At 31 December 2018	242,830	88,847	1,028,235	-	1,359,912
Additions	-	-	1,292	854,234	855,526
Disposals	-	-	(497,873)	-	(497,873)
At 31 December 2019	242,830	88,847	531,654	854,234	1,717,565
<b>Accumulated depreciation and impairment</b>					
At 31 December 2018	123,614	83,342	734,059	-	941,015
Charge for the year	23,149	2,990	206,060	119,665	351,864
Eliminated on disposal	-	-	(486,876)	-	(486,876)
At 31 December 2019	146,763	86,332	453,243	119,665	806,003
<b>Carrying amount</b>					
At 31 December 2019	96,067	2,515	78,411	734,569	911,562
At 31 December 2018	119,216	5,505	294,176	-	418,897

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 13 Trade and other receivables

	2019 £	2018 £
VAT recoverable	118,377	96,767
Amounts owed by fellow group undertakings	13,861,752	12,075,490
Other receivables	46,954	-
Prepayments and accrued income	234,986	111,163
	<u>14,262,069</u>	<u>12,283,420</u>

Amounts owed by group undertakings include a loan of £2,269,518 (2018 - £2,269,518) due from Information Services Group Netherlands B.V., a loan of £439,511 (2018 - £458,177) due from ISG Information Services Group France S.A and a loan of £7,970,140 (2018 - £5,315,910) due from Information Services Group Europe Limited. All loan incur interest at 3 months sterling LIBOR plus 3.5% per annum calculated on a daily basis and are repayable on demand. The remaining amounts owed to group companies are unsecured, interest free and are repayable on demand.

#### 14 Liabilities

		Current 2019 £	2018 £	Non-current 2019 £	2018 £
	Notes				
Trade and other payables	15	4,823,381	3,632,491	-	-
Taxation and social security		369,274	139,113	-	-
Lease liabilities	16	304,592	-	417,758	-
		<u>5,497,247</u>	<u>3,771,604</u>	<u>417,758</u>	<u>-</u>

#### 15 Trade and other payables

	2019 £	2018 £
Trade payables	207,156	253,466
Amounts owed to fellow group undertakings	4,539,107	3,314,611
Accruals and deferred income	77,118	64,414
	<u>4,823,381</u>	<u>3,632,491</u>

Amounts owed to group undertakings include a loan of £473,222 (2018 - £673,797) due from ISG Information Services Group France S.A. The loan incurs interest at 3 months sterling LIBOR plus 1% per annum calculated on a daily basis and are repayable on demand. The remaining amounts owed to group companies are unsecured, interest free and are repayable on demand.

# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 16 Lease liabilities

On transition to IFRS 16 on 1 January 2019, the Company recognised right-of-use assets of £854,234 and lease liabilities of £854,234, with net assets therefore remaining unchanged.

The adoption of IFRS 16 from 1 January 2019 resulted in a £119,665 increase in depreciation, a £97,259 reduction in lease expenses and a £37,090 increase in finance costs recognised in the profit and loss account during the year ended 31 December 2019. At 31 December 2019, the company recognised £734,569 right-of-use assets and £722,350 lease liabilities on the balance sheet.

When measuring lease liabilities, the Company discounted lease payments using notional borrowing rates. At 1 January 2019 the notional borrowing rate was 7.69%.

The table below reconciles the operating lease commitments disclosed in the company's financial statements at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	£
Operating lease commitments at 31 December 2018	951,493
Additional lease liabilities recognised at 1 January 2019	112,097
	<hr/>
Undiscounted IFRS 16 commitments at 31 December 2018	1,063,590
Lease liabilities ended at 1 January 2019	(108,117)
	<hr/>
Undiscounted IFRS 16 commitments at 1 January 2019	955,473
Discounting using notional borrowing-rates at 1 January 2019	(101,239)
	<hr/>
Total lease liabilities at 1 January 2019	854,234
	<hr/>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Present Value 2019 £
Current liabilities	304,592
Non-current liabilities	417,758
	<hr/>
	722,350
	<hr/>

#### 17 Retirement benefit schemes

##### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £77,928 (2018 - £79,894).



# ISG (GROUP SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 18 Share-based payment transactions

Certain of the Company's employees are awarded restricted stock units in Information Services Group Inc., a company based in the USA. Information Services Group Inc. currently issues restricted stock units under the 2007 Equity Incentive Plan.

##### Restricted Stock Units

The charge in respect of restricted stock units is calculated as the fair value on date of grant multiplied by the number of restricted stock units awarded spread over the vesting period. Restricted stock units of 12,876 shares were awarded in 2019 (2018 - 51,598). The average share price on grant date was £3.07 (2018 - £2.92).

	Number of share options		Weighted average exercise price	
	2019	2018	2019 £	2018 £
Outstanding at 1 January 2019	56,050	24,221	2.92	2.80
Granted in the period	12,876	51,598	2.98	2.98
Expired in the period	(21,364)	(19,769)	2.99	2.79
Outstanding at 31 December 2019	<u>47,562</u>	<u>56,050</u>	<u>3.07</u>	<u>2.92</u>
Exercisable at 31 December 2019	<u>47,562</u>	<u>56,050</u>	<u>3.07</u>	<u>2.92</u>

The total charge for the year relating to restricted stock unit was £14,389 (2018 - £153,722).

19 Share capital	2019 £	2018 £
<b>Ordinary share capital</b>		
<b><i>Issued and fully paid</i></b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

# **ISG (GROUP SERVICES) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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### **20 Related party transactions**

The company is a wholly owned subsidiary of Information Services Group, Inc. and the company has taken advantage of the exemption provided by FRS101 from disclosing related party transactions with other wholly owned entities.

### **21 Controlling party**

The Company's immediate parent undertaking is Information Services Group Netherlands B.V., a company registered in the Netherlands.

The company's ultimate parent undertaking and its controlling party is Information Services Group, Inc., a company registered in the United States of America. The consolidated financial statements of Information Services Group, Inc. are available at 2187 Atlantic Street, Stamford, CT 06902, USA. No other group financial statements include the results of the company.