

ISG (Group Services) Limited

Annual Report and Financial Statements

Year ended

31 December 2017

Company Number 01714804



ISG (Group Services) Limited

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Directors and Advisors

Directors

D E Berger
S A J Lowndes
A R Scheller

Company Secretary

S A J Lowndes
Hays House
Millmead
Guildford
Surrey
GU2 4HJ

Registered Office

Hays House
Millmead
Guildford
Surrey
GU2 4HJ

Company Number

01714804

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley
West Sussex
RH10 1BG

ISG (Group Services) Limited

Report of the directors for the year ended 31 December 2017

The directors present their report together with the audited financial statements of the Company for the year ended 31 December 2017.

The report has 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 prepare a Strategic Report.

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 Company's ultimate parent company, ISG, 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, optimize, and manage their operational environment and drive operational excellence throughout your organisation.

Results and dividends

The income statement is set out on page 8 and shows the profit for the financial year (2016: Loss). No dividend was paid in the year (2016: nil) and the directors do not recommend payment of a final dividend.

Funding and liquidity

The Company has net current assets of £8,356,302 as at 31 December 2017 (2016: £7,265,698). 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.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

R M Brown (resigned 6 June 2018)
D E Berger
S A J Lowndes (appointed 6 June 2018)
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.

ISG (Group Services) Limited
Report of the directors for the year ended 31 December 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standards Applicable in UK and Republic of Ireland (FRS 102). 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, including FRS 102, 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.

Disclosure of Information to Auditors

The directors at the date of approval of this report confirm that:

- so far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware;
- each of the directors have taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006 PricewaterhouseCoopers LLP will be deemed to be re-appointed and will continue in office.

Approved by the board and signed on its behalf



S A J Lowndes
Director
Company Number: 01714804

20 September 2018

ISG (Group Services) Limited

Independent auditors' report to the members of ISG (Group Services) Limited

Report on the financial statements

Our opinion

In our opinion, ISG (Group Services) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2017; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

ISG (Group Services) Limited

Independent auditors' report to the members of ISG (Group Services) Limited

Reporting on other information (continued)

With respect to the Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the directors for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ISG (Group Services) Limited
Independent auditors' report to the members of ISG (Group Services) Limited

Other required reporting

Companies Act 2006 exception reporting

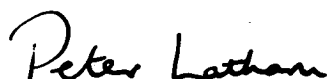
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Report of the directors; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Peter Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
20 September 2018

ISG (Group Services) Limited

Income statement for the year ended 31 December 2017

	Note	2017 £	2016 £
Revenue	4	3,438,585	3,025,137
Cost of sales		(3,583,818)	(3,490,886)
Operating loss	5	(145,233)	(465,749)
Finance income	9	306,028	349,626
Finance costs	10	(8,782)	(32,840)
Profit/(loss) before taxation		152,013	(148,963)
Income tax (expense)/credit	11	(50,812)	47,303
Profit/(loss) for the financial year		101,201	(101,660)

The results stated above are all derived from continuing operations.

There are no material differences between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 12 to 23 form part of these financial statements.

ISG (Group Services) Limited

Statement of comprehensive income for the year ended 31 December 2017

	2017 £	2016 £
Profit/(loss) for the financial year	101,201	(101,660)
Total comprehensive income/(expense) for the year	<u>101,201</u>	<u>(101,660)</u>

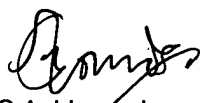
ISG (Group Services) Limited

Statement of financial position as at 31 December 2017

	Note	2017 £	2016 £
Asset			
Non-current assets			
Intangible assets	12	5,633	19,152
Property, plant and equipment	13	609,460	733,618
		<u>615,093</u>	<u>752,770</u>
Current assets			
Trade and other receivables	14	12,778,212	12,298,340
Cash and cash equivalents		484,491	190,066
		<u>13,262,703</u>	<u>12,488,406</u>
Total assets		<u>13,877,796</u>	<u>13,241,176</u>
Equity and liabilities			
Called up share capital	15	1,000	1,000
Capital contribution reserve	16	788,715	-
Retained earnings		8,181,680	8,017,468
Total equity		<u>8,971,395</u>	<u>8,018,468</u>
Liabilities			
Current liabilities			
Trade and other payables	17	4,906,401	5,222,708
Total equity and liabilities		<u>13,877,796</u>	<u>13,241,176</u>

The notes on pages 12 to 23 form part of these financial statements.

The financial statements on pages 8 to 23 were approved by board of directors on 20 September 2018 and signed on its behalf by



S A J Lowndes
Director

ISG (Group Services) Limited

Statement of changes in equity for the year ended 31 December 2017

	Note	Called up share capital £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance as at 1 January 2016		1,000	-	8,059,241	8,060,241
Loss for the financial year		-	-	(101,660)	(101,660)
Adjustment in respect of employee share schemes	20	-	-	59,887	59,887
Total transactions with owner, recognised directly in equity		-	-	59,887	59,887
Balance as at 31 December 2016		1,000	-	8,017,468	8,018,468
Profit for the financial year		-	-	101,201	68,051
Capital contribution from parent company		-	788,715	-	788,715
Adjustment in respect of employee share schemes	20	-	-	63,011	96,161
Total transactions with owner, recognised directly in equity		-	788,715	63,011	884,876
Balance as at 31 December 2017		1,000	788,715	8,181,680	8,971,395

ISG (Group Services) Limited

Notes to the financial statements for the year ended 31 December 2017

1. General information

ISG (Group Services) Limited is a private limited company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Hays House, Millmead, Guildford, Surrey GU2 4HJ. The company registration number is 01714804.

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.

2. Statement of compliance

The financial statements of ISG (Group Services) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) *Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including FRS 102.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in "Critical accounting judgements and key source of estimation uncertainty" included within this note.

b) *Going concern*

The financial statements are prepared on the going concern basis as the ultimate parent company, Information Services Group, Inc., has agreed to provide financial support for a period of at least twelve months from the date of approval of these financial statements to the Company in order that it can continue to trade and meet its liabilities as they fall due, for as long as the Company remains a member of the Information Services Group, Inc. group.

c) *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. ISG (Group Services) Limited is a qualifying entity as its results are consolidated into the consolidated financial statements of Information Services Group, Inc. which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from disclosing share based payment arrangements, required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102, concerning its own equity instruments; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

3. Summary of significant accounting policies (continued)

d) Revenue

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 reviewed to ensure collectability and adjusted for when necessary.

e) Amounts recoverable on contracts

Where revenue recognised exceeds progress billings, the balance is recognised as accrued income within trade and other receivables. Where progress billings exceed revenue recognised, the balance is recognised as deferred income within trade and other payables.

f) Foreign currency

i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

ii) Transactions and balances

Transactions in foreign currency are converted to Sterling at the rate ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at the rates of exchange ruling at the reporting date.

Foreign exchange gains and losses are recognised in the income statement.

g) Employee benefits

The Company provides a range of benefits to employees, including defined contribution pension plans.

i) Short term benefits

Short term benefits, including bonus and other similar non – monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension scheme

Contributions to the Company's defined contribution pension scheme are charged to the income statement in the year in which they become payable.

h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Summary of significant accounting policies (continued)

ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or subsequently enacted at the reporting date.

i) Intangible assets

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 amount may be impaired.

j) Property, plant and equipment

Property, plant and equipment are stated at historic cost, less accumulated depreciation and provision for impairment. Cost includes the original purchase price, cost directly attributable in bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	10% on a straight line basis per annum
Computer equipment	-	20%-33.3% on a straight line basis per annum
Fixtures and fittings	-	20% on a straight line basis per annum

Repairs, maintenance and minor inspection costs are expensed as incurred.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

3. Summary of significant accounting policies (continued)

k) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

m) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

3. Accounting policies (continued)

m) Financial instruments (continued)

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

n) Share based payments

The charge in respect of the restricted stock units is calculated as the fair value on date of the grant multiplied by the number of restricted stock units awarded, spread over the vesting period. Where the company's parent company has granted rights to its equity instruments to employees of the company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the company is not recharged by its parent.

o) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical estimates or judgments made in the process of applying the Company's accounting policies.

ISG (Group Services) Limited

Notes to the financial statements for the year ended 31 December 2017

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.

5. Operating loss

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
This is arrived at after charging:		
Staff costs		
- Wages and salaries	1,515,481	1,461,546
- Social security costs	184,013	198,821
- Other pension costs	77,306	65,630
- Cost of employee share scheme	63,011	59,887
Depreciation of property, plant and equipment	407,231	365,494
Loss on disposal of fixed assets	4,735	
Amortisation of intangibles	13,519	13,519
Exchange differences	12,438	2,198
Services provided by the Company's Auditors		
- Fees payable for the audit	14,561	14,561
- Fees payable for other services - tax compliance	5,050	5,656

6. Employee information

The average monthly number of persons (including executive directors) employed during the year was:

	Year ended 31 December 2017	Year ended 31 December 2016
	Number	Number
Administration	28	27

7. Directors' remuneration

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Aggregate emoluments	152,840	153,758
Company's contribution to defined contribution scheme	10,098	10,042

There was 1 director in the Company's defined contribution pension scheme 'Compass Group Personal Pension' during the year (2016: 1).

There was 1 director entitled to shares under the ISG Group long-term incentive scheme (2016: 1).

£152,840 (2016: £153,758) emoluments was paid to one of the directors of ISG (Group Services) Limited for his services as a director of ISG (Group Services) Limited and other subsidiaries in the ISG Group.

ISG (Group Services) Limited

Notes to the financial statements for the year ended 31 December 2017

7. Directors' remuneration (continued)

One of the directors has loan stock issued to Information Services Group, Inc. for \$17,814 repayable in 2018 bearing interest at 3.75% annually.

One of the directors was granted 2,121 restricted stock units (2016: 3,789).

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.

8. Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £77,306 (2016: £65,630). Contributions amounting to £16,697 (2016: £13,928) were payable to the fund and are included in trade and other payables.

9. Finance income

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Interest receivable on loans to group companies	<u>306,028</u>	<u>349,626</u>

10. Finance costs

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Interest payable on loans from group companies	<u>8,782</u>	<u>32,840</u>

ISG (Group Services) Limited

Notes to the financial statements for the year ended 31 December 2017

11. Income tax expense

(a) Analysis of the tax charge/(credit)

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Current tax:		
UK Corporation tax		
Current tax on profits of the year	50,812	-
Income tax charge	50,812	-
Deferred tax:		
Origination and reversal of timing differences	-	(19,546)
Adjustment in respect of previous periods	-	(29,711)
Effect of changes in tax rate	-	1,954
Total deferred tax	-	(47,303)
Total tax per income statement	50,812	(47,303)

(b) Factors affecting the tax result

The tax assessed for the year is higher (2016: lower) than the standard effective rate of corporation tax in UK for the year ended 31 December 2017 of 19.25% (31 December 2016: 20.00%). The differences are explained below.

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Profit/(loss) before taxation	152,013	(148,963)
Tax on profit/(loss) at standard UK tax rate of 19.25% (2016: 20.00%)	29,263	(17,815)
Effects of:		
Expenses not deductible for tax purposes	-	3,614
Effects of group relief and other reliefs	-	(38,020)
Adjustment from previous periods	-	(29,711)
Tax rate changes	-	1,954
Movement in deferred tax not recognised	21,549	32,675
Total tax charge/(credit) for the year	50,812	(47,303)

ISG (Group Services) Limited

Notes to the financial statements for the year ended 31 December 2017

11. Income tax expense (continued)

(c) Factors that may affect future tax charges

The tax rate for the current period is set at 19% from 1 April 2017 and is lower than the prior period which set at 20% from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 26 October 2015. These included reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. In the 2016 Budget, the Government announced a further reduction of the main rate to 17% for the year starting 1 April 2020.

12. Intangible assets

	Software
	£
<i>Cost or valuation</i>	
At 1 January 2017	43,160
Additions	-
Write-offs	(9,363)
At 31 December 2017	33,797
<i>Accumulated Amortisation</i>	
At 1 January 2017	24,008
Charge for the year	(13,519)
Write-offs	9,363
At 31 December 2017	(28,164)
 At 31 December 2017	 5,633
At 31 December 2016	19,152

13. Property, plant and equipment

	Fixtures & Fittings	Leasehold Improvements	Computer Equipment	Total Assets
	£	£	£	£
<i>Cost or valuation</i>				
At 1 January 2017	88,847	230,840	1,568,180	1,887,867
Additions	-	11,990	276,298	288,288
Disposals	-	-	(732,330)	(732,330)
At 31 December 2017	88,847	242,830	1,112,148	1,443,825
<i>Accumulated Depreciation</i>				
At 1 January 2017	(67,343)	(76,029)	(1,010,877)	(1,154,249)
Charge for the year	(11,087)	(22,621)	(373,523)	(407,231)
Disposals	-	-	727,115	727,115
At 31 December 2017	(78,430)	98,650	(657,285)	(834,365)
 At 31 December 2017	 10,417	 144,180	 454,863	 609,460
At 31 December 2016	21,504	154,811	557,303	733,618

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Notes to the financial statements for the year ended 31 December 2017

14. Trade and other receivables

	2017	2016
	£	£
Trade receivables	105,774	63,974
Amounts owed by group undertakings	12,475,951	12,182,776
Prepayments and accrued income	196,487	51,590
	12,778,212	12,298,340

Amounts owed by group undertakings include a loan of £2,670,452 due from Information Services Group Netherlands B.V. (2016: £2,570,412), a loan of £439,511 due from ISG Information Services Group France S.A. (2016: £1,948,120) and a loan of £5,099,340 due from Information Services Group Europe Limited (2016: £4,933,543). All loans 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.

15. Share capital

	2017	2016
	£	£
<i>Allotted, issued, called up and fully paid</i>		
1,000 (2016: 1,000) ordinary shares of £1 each	1,000	1,000
	1,000	1,000

16. Capital contribution reserve

	2017	2016
	£	£
Capital contribution from parent company	788,714	-
	788,714	-

On 16 June 2017, ISG Netherlands B.V. (formerly called Compass Holding B.V.), made a capital infusion of £788,714 for the purpose of providing working capital to the company.

17. Trade and other payables

	2017	2016
	£	£
Trade payables	145,140	166,515
Amounts payable to pension fund	16,197	13,928
Amounts owed to group undertakings	4,543,144	4,860,830
Taxation and social security	113,456	52,976
Accruals and deferred income	87,964	128,459
	4,906,401	5,222,708

Amounts owed to group undertakings include a loan of £662,589 due to ISG Information Services Group France S.A. (2016: £653,807). 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 for the year ended 31 December 2017

18. Related party disclosures

The Company is a wholly owned subsidiary of Information Services Group, Inc. and the Company has taken the advantage of the exemption provided by Section 33.1A of FRS 102 from disclosing related party transactions with other wholly owned entities.

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

20. Share based payments

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 the restricted stock units is calculated as the fair value on date of the grant multiplied by the number of restricted stock units awarded spread over the vesting period. Restricted stock units of 13,141 shares were awarded in 2017 (2016: 20,929). The average share price on grant date was £2.80 (2016: £3.00).

A reconciliation of restricted stock units' movements over the year to 31 December 2017 is shown below:

	2017		2016	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	36,945	£3.00	32,547	£2.58
Granted	13,141	£2.38	20,929	£2.87
Vested and released	(25,865)	£3.08	(16,531)	£2.68
Outstanding at 31 December	24,221	£2.80	36,945	£3.00

The total charge for the year relating to restricted stock unit was £96,161 (2016 : £59,887).

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Notes to the financial statements for the year ended 31 December 2017

21. Lease Commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017 £	2016 £
Not later than one year	124,100	124,100
Later than one year and not later than five years	496,400	496,400
Later than five years	330,993	330,993