

REGISTERED NUMBER: 03514470 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2017
for
IPP Properties Limited**

THURSDAY



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**Contents of the Financial Statements
for the year ended 31 December 2017**

	Page
Company Information	1
Report of the Directors	2
Independent Auditor's Report	4
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

IPP Properties Limited

**Company Information
for the year ended 31 December 2017**

DIRECTORS:

G J Frost
M J Gregory
M A Anwer

SECRETARY:

A E Woods

REGISTERED OFFICE:

3 More London Riverside
London
SE1 2AQ
United Kingdom

REGISTERED NUMBER:

03514470 (England and Wales)

AUDITOR:

Ernst & Young LLP
Statutory Auditor
London

IPP Properties Limited (Registered number: 03514470)

**Report of the Directors
for the year ended 31 December 2017**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company to a group that is involved in the design, construction and maintenance services including related financing arrangements, under PFI concession arrangements.

REVIEW OF BUSINESS

The profit for the financial year of £2,472,000. (2016: £1,159,000) has been transferred to reserves.

Both the level of business and the year end financial position were in line with budgets and expectations.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are closely linked to those of its subsidiary undertakings.

The immediate risk to the company is the under performance of its subsidiaries as a result of a decline in revenues recognised in the subsidiary undertakings.

DIVIDENDS

The directors authorised the payment of a dividend of £2,472,000. (2016: £1,159,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

G J Frost
M J Gregory
M A Anwer

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 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 those 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;
- 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.

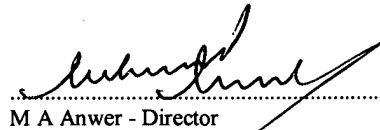
IPP Properties Limited (Registered number: 03514470)

**Report of the Directors
for the year ended 31 December 2017 (Continued)**

DISCLOSURE OF INFORMATION 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, being information needed by the auditor in connection with preparing their report, of which the company's auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
M A Anwer - Director

Date: 26 April 18

Independent Auditor's Report to the Members of IPP Properties Limited

We have audited the financial statements of IPP Properties Limited (the 'company') for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10, 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 FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view 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; 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 below. 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.

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.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the 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.

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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Independent Auditor's Report to the Members of
IPP Properties Limited (Continued)**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Lloyd Brown (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

Date: 26 April 2018

IPP Properties Limited (Registered number: 03514470)

**Statement of Comprehensive Income
for the year ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT		-	-
Income from shares in group undertakings		<u>2,472</u>	<u>1,159</u>
PROFIT BEFORE TAXATION	3	2,472	1,159
Tax on profit	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		2,472	1,159
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,472</u>	<u>1,159</u>

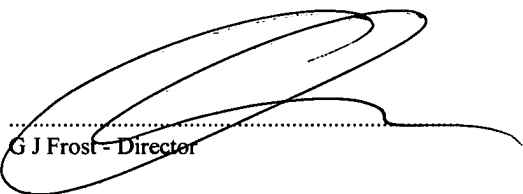
The notes form part of these financial statements

IPP Properties Limited (Registered number: 03514470)

**Balance Sheet
31 December 2017**

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Investments	6	-	-
CURRENT ASSETS			
Debtors	7	<u>63</u>	<u>63</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>63</u>	<u>63</u>
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Retained earnings	9	<u>63</u>	<u>63</u>
SHAREHOLDERS' FUNDS		<u>63</u>	<u>63</u>

The financial statements were approved by the Board of Directors on 26 April 18 and were signed on its behalf by:


G J Frost - Director

IPP Properties Limited (Registered number: 03514470)

**Statement of Changes in Equity
for the year ended 31 December 2017**

	Called up Shared Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	<u>2</u>	<u>63</u>	<u>63</u>
Changes in equity			
Dividends	-	(1,159)	(1,159)
Total comprehensive income	<u>-</u>	<u>1,159</u>	<u>1,159</u>
Balance at 31 December 2016	<u>2</u>	<u>63</u>	<u>63</u>
Changes in equity			
Dividends	-	(2,472)	(2,472)
Total comprehensive income	<u>-</u>	<u>2,472</u>	<u>2,472</u>
Balance at 31 December 2017	<u>2</u>	<u>63</u>	<u>63</u>

**Notes to the Financial Statements
for the year ended 31 December 2017**

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Statement of compliance

IPP Properties Limited is a limited company incorporated in England. The Registered Office is 3 More London Riverside, London SE1 2AQ. The financial statements have been prepared in compliance with FRS 101 and the Companies Act 2006 for the year ended 31 December 2017.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. The financial statements are prepared in pounds sterling to the nearest pound.

Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of investments

Determining whether the company's investments (including loan receivables) have been impaired requires estimation of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

Going concern

The Company exists to hold investments in its subsidiaries which themselves hold investments in entities that provide services under certain private finance agreements. Having reviewed the Company's investments, including the associated future cash requirements and forecast receipts from the ultimate investments, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future and accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of EIR. The EIR amortisation is included in finance revenue in the income statement. The losses arising from impairment are recognised in the income statement in other operating expenses.

De-recognition of financial assets

A financial asset is de-recognised when (i) the rights to receive cash flows from the asset have expired or (ii) the company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the company has transferred substantially all the risk and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortise cost has been incurred, the amount of the loss is measure as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

**Notes to the Financial Statements - continued
for the year ended 31 December 2017**

1. ACCOUNTING POLICIES - continued

Dividends received from participating interests

Dividend income is recognised when the shareholder's right to receive payment has been established.

Dividends on shares presented within Shareholder's funds

Dividends are only recognised as a liability at the balance sheet date to the extent that they are declared prior to year end. Unpaid dividends that do not meet this criteria are disclosed in the notes to the financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial statements; of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Taxation and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Investments are stated at cost less provision for any impairment in value.

Income derived from investments represents dividends received from subsidiary undertakings.

2. STAFF COSTS

The company has no employees (2016: nil) and hence no staff costs for the year ended 31 December 2017. (2016: £nil).

IPP Properties Limited (Registered number: 03514470)

**Notes to the Financial Statements - continued
for the year ended 31 December 2017**

3. OPERATING PROFIT

The directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (2016: £nil). The audit fee of £1,200 (2016: £1,200) is borne by the company's immediate parent, Bootle Derby Holdings Limited.

4. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Factors affecting the tax expense

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £'000	2016 £'000
Profit before income tax	<u>2,472</u>	<u>1,159</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	476	232
Effects of: Non-taxable dividend income	<u>(476)</u>	<u>(232)</u>
Tax expense	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The UK corporation tax rate reduced to 19% from April 2017 and will reduce further to 17% from April 2020. As at the balance sheet date, these future tax reductions had been "substantively enacted" and hence in accordance with accounting standards, this has been reflected in the company's financial statements at 31 December 2017. The rate changes will impact the amount of future tax payments to be made by the company.

5. DIVIDENDS

	2017 £'000	2016 £'000
Ordinary shares shares of £1 each Interim	<u>2,472</u>	<u>1,159</u>

IPP Properties Limited (Registered number: 03514470)

**Notes to the Financial Statements - continued
for the year ended 31 December 2017**

6. INVESTMENTS

	Interest in group shareholdings £'000
Cost at: 1 January 2017 and 31 December 2017	<u>16</u>
Net Book Value At 31 December 2017	<u>16</u>
At 31 December 2016	<u>16</u>

	Nature of business	Ordinary £1 shares	Ownership
IPP (Derbyshire Courts) Limited	see below	2	100%
IPP Properties (Derbyshire Schools) Limited	see below	2	100%
Derbyshire Courts (Property Co-Trustee) Limited	dormant	2	100%
Derbyshire Courts Limited	see below	2	100%
Derbyshire Schools Limited	see below	2	100%
Peak Courts Limited	see below	2	100%
IPP Properties (Rhyl St Asaph) Limited	see below	1	100%
Rhyl St Asaph Limited	see below	1	100%
NW (BBP) Limited	see below	1	100%
STM (H) Limited	dormant	1	100%

The above companies (unless otherwise stated) are general or limited partners in partnerships which are involved in the development, construction and on completion, as a manager of serviced premises.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Amounts owed by fixed asset investments	<u>63</u>	<u>63</u>

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2017 £	2016 £
2	Ordinary shares	£1	<u>2</u>	<u>2</u>

9. RESERVES

	Retained earnings £'000
At 1 January 2017	63
Profit for the year	2,472
Dividends	<u>(2,472)</u>
At 31 December 2017	<u>63</u>

10. ULTIMATE CONTROLLING PARTY

The directors regard Bootle Derby Holdings, a company incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership (the smallest and largest group of which the company is a member and for which group financial statements are prepared) can be obtained from the registered address 3 More London Riverside, London, SE1 2AQ.