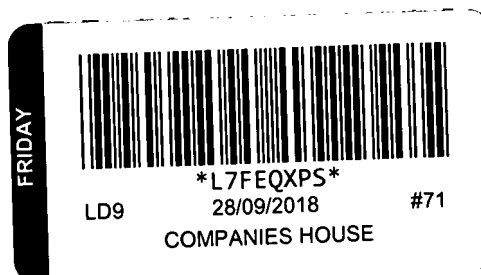


Registered number: 09063144

## **INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



## INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

### COMPANY INFORMATION

<b>Directors</b>	T G Brown N A Forster R D Jones D M Reid H L Sefton
<b>Company secretaries</b>	S J Cruickshank J F Wright
<b>Company number</b>	09063144
<b>Registered office</b>	15 Golden Square London W1F 9JG
<b>Independent auditor</b>	Shipleys LLP Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
<b>Bankers</b>	Barclays Wealth 1 Churchill Place London E14 5HP

# **INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

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## **INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements of Ingenious Real Estate Enterprises 2 Limited ("the Company") for the year ended 31 December 2017.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

#### **Principal activities**

The principal activity of the Company is the issuance of commercial loans to prospective borrowers for the purpose of funding residential and mixed use development projects to generate returns for its shareholders. The Company carries on these activities through its membership of Ingenious Real Estate Finance LLP ("the Partnership").

#### **Directors**

The directors who served during the year were:

T G Brown  
N A Forster  
R D Jones  
D M Reid  
H L Sefton  
T O'Shea (resigned 22 August 2017)

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### Auditor

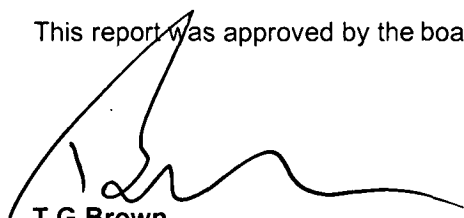
The auditor, Shipleys LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

#### Small companies note

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The Company has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a strategic report in accordance with section 414B of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board of directors and signed on its behalf by:



**T G Brown**  
Director

Date: 21 September 2018

15 Golden Square  
London  
W1F 9JG

## **INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

#### **Opinion**

We have audited the financial statements of Ingenious Real Estate Enterprises 2 Limited for the year ended 31 December 2017 which comprise the profit and loss account, the balance sheet, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 Section 1A '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 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). 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.

## **INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

#### **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 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.

#### **Opinion on other matter 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 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 where the law 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 or 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 1, 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.

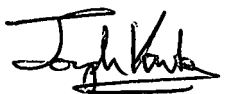
#### Auditor's responsibilities for the audit of the financial statements

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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of this 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 that 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, or the opinions we have formed.



Joseph Kinton (Senior statutory auditor)

for and on behalf of  
**Shipleys LLP**

Chartered Accountants & Statutory Auditor

10 Orange Street  
Haymarket  
London  
WC2H 7DQ

21 September 2018



# INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017 £	(Restated) Year ended 31 December 2016 £
	Note		
Administrative expenses		(718,771)	(484,338)
<b>Operating loss</b>	3	<b>(718,771)</b>	<b>(484,338)</b>
Share of profit from Partnership	7	4,985,866	3,184,183
Interest receivable and similar income	4	6	60
Interest payable and expenses		(1,634,073)	(924,597)
<b>Profit before tax</b>		<b>2,633,028</b>	<b>1,775,308</b>
Tax on profit	5	(506,768)	(352,925)
<b>Profit for the financial year</b>		<b>2,126,260</b>	<b>1,422,383</b>

There was no other comprehensive income for 2017 (2016: £nil).

All of the Company's activities relate to continuing operations during the current and prior years.

The notes on pages 8 to 13 form part of these financial statements.

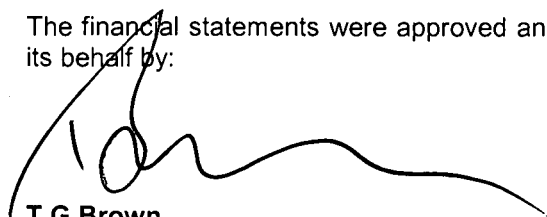
**INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**  
**REGISTERED NUMBER:09063144**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	(Restated) 2016 £
<b>Fixed assets</b>			
Investments	7	62,483,016	47,111,331
		<u>62,483,016</u>	<u>47,111,331</u>
<b>Current assets</b>			
Cash at bank		273	5,755
Creditors: amounts falling due within one year	8	(57,195,050)	(38,976,451)
<b>Net current liabilities</b>		<u>(57,194,777)</u>	<u>(38,970,696)</u>
<b>Total assets less current liabilities</b>		<u>5,288,239</u>	<u>8,140,635</u>
Creditors: amounts falling due after more than one year	9	-	(4,978,656)
<b>Net assets</b>		<u><u>5,288,239</u></u>	<u><u>3,161,979</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	5,288,239	3,161,979
<b>Shareholder's funds</b>		<u><u>5,288,239</u></u>	<u><u>3,161,979</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

  
**T G Brown**  
 Director

Date: 21 September 2018

The notes on pages 8 to 13 form part of these financial statements.

# INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The Company is a private company, limited by shares, incorporated and registered in England and Wales. The Company's registered office and company number are disclosed on the company information page.

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 Section 1 A - small entities issued by the Financial Reporting Council.

The functional and presentational currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies (see note 2).

The financial statements do not include a cash flow statement because the Company satisfies the criteria of being a qualifying small entity as defined in FRS102 and as such has taken advantage of the exemption available under section 1 A of FRS102 not to disclose such a statement.

The following principal accounting policies have been applied:

#### 1.2 Going concern

The financial statements have been prepared using the going concern basis of accounting. The Company continues to be profitable and has generated a profit after tax of £2.13m (2016: profit after tax of £1.42m). The Company can withdraw funds from the partnership in order to fund the amounts payable to the immediate parent company, if called upon to do so.

#### 1.3 Investments

Investments are measured at cost less impairment. The Company assesses at each Balance Sheet date whether there is any objective evidence that an investment is impaired. Investments are impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the investment have adversely affected the amount or timing of future cash flows from the investment.

#### 1.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 1.5 Taxation

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. Accounting policies (continued)**

**1.6 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.7 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgments, 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 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.

# INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 3. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Auditor's remuneration	4,500	4,500

### 4. Interest receivable

	2017 £	2016 £
Bank interest	6	60

### 5. Taxation

	2017 £	2016 £
UK corporation tax for the year	506,768	352,925
<b>Total tax charge for the year</b>	<b>506,768</b>	<b>352,925</b>

#### Factors affecting tax charge for the year

	2017 £	2016 £
Profit on ordinary activities before tax	2,633,028	1,775,308
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	506,768	352,893
<b>Effects of:</b>		
Non-taxable accounting allocation from partnership	(959,608)	(636,838)
Expenses not deductible for tax purposes	-	32
Capital allowances for year in excess of depreciation	959,608	636,838
<b>Total tax charge for the year</b>	<b>506,768</b>	<b>352,925</b>

### 6. Directors and employees

The Company has no employees. The directors did not receive any remuneration in the year (2016: £nil).

The total number of employees, including directors, during the year was 6, one of whom had resigned by the year-end.

# INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 7. Fixed asset investments

	Other fixed asset investments £
<b>Cost or valuation</b>	
At 1 January 2017	47,111,331
Additions	24,952,028
Withdrawals	(14,566,209)
Share of partnership profit for the year	4,985,866
	<hr/>
At 31 December 2017	62,483,016
	<hr/>
<b>Net book value</b>	
At 31 December 2017	62,483,016
	<hr/> <hr/>
At 31 December 2016	47,111,331
	<hr/> <hr/>

The Company is a member of Ingenious Real Estate Finance LLP ("the Partnership") holding 89% of the partnership capital. The principal activity of the partnership is the issuance of commercial loans to prospective borrowers for the purpose of funding residential and mixed use development projects to generate returns for its shareholders. Its place of business and head office address is 15 Golden Square, London, W1F 9JG, United Kingdom.

### 8. Creditors: Amounts falling due within one year

	2017 £	(Restated) 2016 £
Other loans	6,256,656	-
Amounts owed to group undertakings	47,493,761	37,405,737
Corporation tax	273,063	163,906
Accruals and deferred income	3,171,570	1,406,808
	<hr/>	<hr/>
	57,195,050	38,976,451
	<hr/> <hr/>	<hr/> <hr/>

Amounts owed to group undertakings is owed to Ingenious Estate Planning Limited. The loan is unsecured, repayable on demand and interest is charged at 2% plus the Bank of England base rate.

Other loans consists of a revolving credit facility with Ingenious Resources Limited, entered into on 6 April 2016. Interest is charged at 8% per annum. The loan is repayable on 1 January 2018. Ingenious Resources Limited has been granted a debenture by Ingenious Real Estate Enterprises 2 Limited as security for its obligations under the facility agreement.

# INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 9. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	-	4,978,656

### 10. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 (2016: 1) Ordinary share of £0.10	-	-

The Company has one class of Ordinary shares. No shares were issued during the year.

### 11. Reserves

	Profit and loss account £
At 1 January 2017 (restated)	3,161,979
Profit for the financial year	2,126,260
<b>At 31 December 2017</b>	<b>5,288,239</b>

### 12. Prior year adjustment

The prior period figures have been restated for the year ended 31 December 2016 as a prior year FRS 102 adjustment to recognise intercompany interest expense in 2014 and 2015 has been reversed.

### 13. Related party transactions

The Company has applied the exemption granted by Section 33.1A of FRS 102 Related Party Disclosures not to disclose transactions with the parent company on the basis that it is a wholly owned subsidiary or any transactions with other related parties that have been undertaken under normal market conditions. Under this standard, disclosure is only required of material transactions with related parties that are not at arms length. There were no such transactions during the year.

### 14. Controlling party

During the year ended 31 December 2017, the Company was a wholly-owned subsidiary of Ingenious Estate Planning Limited, registered at 15 Golden Square, London, W1F 9JG. No consolidated financial statements are prepared for the parent undertaking.

There is no ultimate controlling party.

## **INGENIOUS REAL ESTATE ENTERPRISES 2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **15. Post balance sheet events**

After the year ended 31 December 2017, the Company made capital contributions to the Partnership amounting to £20.7m and withdrawals from the Partnership amounting to £10.4m.