
INGENIOUS REAL ESTATE INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	D M Reid N A Forster
Company secretary	S J Cruickshank
Registered number	10659216
Registered office	Parcels Building 14 Bird Street London W1U 1BU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

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INGENIOUS REAL ESTATE INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the financial statements of Ingenious Real Estate Investments Limited ("the Company") for the year ended 30 June 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements of Ingenious Real Estate Investments Limited ("the Company") 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 year.

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;
- 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 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 activity

The Company is a wholly-owned direct subsidiary of Ingenious Capital Management Holdings Limited, the parent company of the Ingenious Capital Management Holdings Limited group ("the Group"). The principal activity of the Company is to act as the parent company for other subsidiaries within the Group that ultimately invest in the real estate sector through issuance of commercial loans to prospective borrowers for the purpose of funding residential, commercial and mixed use development projects.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been reviewed by the directors. Please refer to note 1.2 for further details.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Results and dividends

The profit for the year after taxation amounted to £487 (2021 - £5,253).

The directors do not recommend the payment of a dividend for the year ended 30 June 2022.

Directors

The directors who served during the year were as follows:

D M Reid
N A Forster

Principal risks and uncertainties

The key business risks faced by the Company can be affected by a number of factors some of which may result from matters beyond the Company's control. This may include for example conditions in the domestic and global financial markets and the wider economy, as well as changes in legislation. The financial risk and operational management policies are determined for the Group as a whole and are discussed in the Group's annual reports and financial statements.

The directors have specifically considered the impact of Brexit and the current war between Russia and Ukraine on the business - please refer to note 1.2 going concern for further details.

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are:

(a) Liquidity risk

Liquidity risk is the risk that the Company could have short-term funding requirements to meet its payment obligations to counterparties. The Group operates a group-wide treasury management strategy to manage the liquidity requirements of the Group as a whole (including the Company) and is discussed in the Group's annual report and financial statements.

(b) Credit risk

The Company's principal financial assets are loans with the Company's credit risk primarily attributable to its trade loans. Where possible the Company reviews the credit rating of its partners and undertakes regular detailed reviews of any outstanding receivable balances. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables.

(c) Interest rate risk

The Company is exposed to interest rate risk on its loans and deposit balances. The Company seeks to maximise its margin on interest receivable, subject to the requirements of liquidity risk noted above.

(d) Business risk

Business risk is the failure of the business to execute its business strategy and therefore being unsuccessful in achieving projected returns. This includes changes to tax legislation or financial regulation.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Future developments

The Company intends to continue to undertake its principal activity of acting as a parent company for other subsidiaries within the Group that invest in the real estate sector through the issuing of commercial loans to prospective borrowers for the purpose of funding residential, commercial and mixed use development projects.

Provision of insurance to directors

All directors were covered by directors' and officers' liability insurance throughout the year under review and this will continue to remain in force.

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.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware there is no relevant audit information of which the Company's auditor is unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Small companies exemption

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 and signed on its behalf by:

D M Reid

Director

Date: 29 March 2023

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS REAL ESTATE INVESTMENTS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the period 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.

We have audited the financial statements of Ingenious Real Estate Investments Limited ("the Company") for the period ended 30 June 2022 which comprise the Profit and Loss Account, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

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

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS REAL ESTATE INVESTMENTS LIMITED

required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial period 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.

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; or
- the Directors were not entitled to prepare the financial statements 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.

Responsibilities of Directors

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

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS REAL ESTATE INVESTMENTS LIMITED

detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the entity. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102) and the Companies act 2006;
- We enquired of management to identify how the entity is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud. We corroborated our enquiries through review of board minutes;
- We assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur;
- We assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and considered whether there were any significant transactions that were unusual or outside of the ordinary course of business;
- We considered the entity's control environment that has been established to prevent, detect and deter fraud;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business;
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

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Peter Smith (Senior Statutory Auditor)

For and on behalf of
BDO LLP, Statutory Auditor
London, United Kingdom
Date: 29 March 2023

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

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 £	30 June 2021 £
Other Income		-	10,506
Gross profit		-	10,506
Administrative expenses	3	487	(5,253)
Operating profit	3	487	5,253
Tax on profit	5	-	-
Profit for the financial year		<u>487</u>	<u>5,253</u>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 9 to 13 form part of these financial statements.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED
REGISTERED NUMBER: 10659216

BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Investments In Subsidiaries	6	3	3
		<u>3</u>	<u>3</u>
Current assets			
Debtors: amounts falling due within one year	7	2,956,459	6,006,660
		<u>2,956,459</u>	<u>6,006,660</u>
Creditors: amounts falling due within one year	8	(2,955,974)	(6,006,662)
		<u>(2,955,974)</u>	<u>(6,006,662)</u>
Net current assets/(liabilities)		<u>485</u>	<u>(2)</u>
Total assets less current liabilities		<u>488</u>	<u>1</u>
Net assets		<u><u>488</u></u>	<u><u>1</u></u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		487	-
		<u>487</u>	<u>-</u>
		<u><u>488</u></u>	<u><u>1</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

D M Reid
Director

Date: 29 March 2023

The notes on pages 9 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies

1.1 Basis of preparation of financial statements

Ingenious Real Estate Investment Limited is a private company incorporated in the United Kingdom under the Companies Act 2006 and registered in England. Its registered office is Parcels Building, 14 Bird Street, London, W1U 1BU. The nature of the Company's operations and principal operating activity are set out in the Directors' Report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

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 Company meets the definition of a small company under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments and presentation of a cash flow statement.

The following principal accounting policies have been applied:

1.2 Going concern

The Company's business activities, its performance for the year, together with the factors likely to affect its future development, have been reviewed by the directors. The directors have considered the impact of Brexit and the current war between Russia and Ukraine on the business.

The Company is wholly based in the UK, and at the time of approval of these financial statements, the directors believe that the aforementioned events have had minimal impact, if any, on the Company. However the directors remain mindful of related supply chain and labour pressures being seen generally in the Real Estate market as well as the impact of higher interest rates on valuations.

The Company has no other ongoing liabilities other than amounts owed to Group undertakings. It's the Directors' expectation that the intercompany balances will not be called upon until the Company has the resources to settle the creditor balances. Refer to note 8.

Having assessed the risks facing the business as set out in the Directors' Report, the profit for the current year, the budgeted financial position and profit and cash flow forecasts for the next financial year and beyond, the directors believe that the Company is well placed to manage its business successfully and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the Directors' Report and Financial Statements.

1.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.4 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.5 Creditors

Short term creditors are measured at the transaction price.

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 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. There were no significant judgments or estimates during the year.

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 in only that period or in the period of the revision and future periods if the revision affects both current and future years.

There were no critical accounting judgements or key sources of estimation during the year.

3. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Accruals and deferred income	-	(5,638)

Ingenious Capital Management Holdings Limited, the parent company of the group, has borne the cost of the current year audit fees of £7,175.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

5. Taxation

	2022 £	2021 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	487	5,253
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	93	998
Effects of:		
Group relief	(93)	(998)
Total tax charge for the year	-	-

Factors that may affect future tax charges

A potential deferred tax asset of £0 (2021: £801) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate was substantively enacted on 24 May 2021. The unrecognised deferred tax asset in respect of tax losses as at 30 June 2022 has been measured at 25%.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

6. Investments in subsidiaries

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2021	3
	<hr/>
At 30 June 2022	<u>3</u>

7. Debtors: Amounts falling due within one year

	2022 £	2021 £
Input VAT	1,538	1,051
Amounts owed by group undertakings	2,954,921	6,005,609
	<hr/>	<hr/>
	<u>2,956,459</u>	<u>6,006,660</u>

8. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	2,955,974	6,001,024
Accruals and deferred income	-	5,638
	<hr/>	<hr/>
	<u>2,955,974</u>	<u>6,006,662</u>

Amounts owed to Group undertakings represents balances due in respect of intra-group loans with the Company's direct parent, Ingenious Capital Management Holdings Limited and Golden Square RE Investments 1 Limited, another group subsidiary. The loans are repayable on demand and no interest is charged.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

9. Share capital

	2022 £	2021 £
1 (2021 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

10. Related party transactions

The Company has applied the exception 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.

11. Controlling party

During the year ended 30 June 2022 the Company was a wholly-owned subsidiary of Ingenious Capital Management Holdings Limited, a company registered in England and Wales. Ingenious Capital Management Holdings Limited is the only parent undertaking for which consolidated financial statements are prepared.

The consolidated financial statements of Ingenious Capital Management Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate controlling party of the Group is P A McKenna.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.