

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



INGENIOUS REAL ESTATE INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	D M Reid N A Forster
Company secretary	S J Cruickshank
Registered number	10659216
Registered office	15 Golden Square London W1F 9JG
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 2020

The directors present their report and the financial statements of Ingenious Real Estate Investments Limited ("the Company") for the year ended 30 June 2020.

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.

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, such as conditions in the domestic and global financial markets, and the wider economy. The directors have specifically considered the impact of Brexit and the COVID19 world pandemic outbreak on the business – please refer to note 1.2 Going concern for further details. 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.

Results and dividends

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

The directors do not recommend the payment of a dividend for the year ended 30 June 2020.

Directors

The directors in office during the year and subsequently were as follows:

D M Reid
N A Forster

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

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.

Auditor

In the absence of a notice proposing that the appointment be terminated, the auditor, BDO LLP, will be deemed to be re-appointed in accordance with section 487(2) of the Companies Act 2006.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Disclosure of information to auditor

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

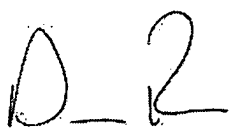
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor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

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: 28/06/2021

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 2020 and of its loss 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.

We have audited the financial statements of Ingenious Real Estate Investments Limited ("the Company") for the year ended 30 June 2020 which comprise the Profit and Loss Account, the Balance Sheet and the 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* (United Kingdom Generally Accepted Accounting Practice).

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 remain 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.

Material uncertainty related to going concern

We draw your attention to note 1.2 of the financial statements, which indicates that the Company is dependent on the continued financial support from its parent company, which is not guaranteed. As stated in note 1.2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 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 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.

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.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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.

DocuSigned by:

Peter Smith

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Peter Smith (Senior statutory auditor)

for and on behalf of
BDO LLP, Statutory Auditor
London, United Kingdom

Date: 28 June 2021

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 2020

	Note	30 June 2020 £	30 June 2019 £
Other income		-	65,376
Gross profit		-	65,376
Administrative expenses		(5,253)	(4,218)
Operating (loss)/profit	3	(5,253)	61,158
Tax on (loss)/profit	5	-	-
(Loss)/profit for the financial year		<u>(5,253)</u>	<u>61,158</u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED
REGISTERED NUMBER: 10659216

BALANCE SHEET
AS AT 30 JUNE 2020

	Note	30 June 2020 £	30 June 2019 £
Fixed assets			
Investments	6	4	4
		<u>4</u>	<u>4</u>
Current assets			
Debtors: amounts falling due within one year	7	6,843,464	5,889,372
		<u>6,843,464</u>	<u>5,889,372</u>
Creditors: amounts falling due within one year	8	(6,848,720)	(5,889,375)
		<u>(5,256)</u>	<u>(3)</u>
Net current liabilities			
		<u>(5,252)</u>	<u>1</u>
Total assets less current liabilities			
		<u>(5,252)</u>	<u>1</u>
Net (liabilities)/assets			
		<u>(5,252)</u>	<u>1</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		(5,253)	-
		<u>(5,252)</u>	<u>1</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 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: 28/06/2021

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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 15 Golden Square, London, W1F 9JG. 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 directors have specifically considered the impact of Brexit and the COVID19 world pandemic outbreak on the business. The directors believe that Brexit has had minimal (if any) impact on the Company, however the directors remain mindful of related supply chain and labour pressures being seen generally in the market.

At the time of approval of these financial statements, the long-term impact of the pandemic is unknown, however, to date the UK residential market has proved resilient. The directors acknowledge that there is likely to be a slowdown in the Real Estate market in the UK, which could lead to a delay in receiving cash from the Company's main subsidiaries, which in turn would mean a delay in repaying the intercompany payable to its parent company, Ingenious Capital Management Holdings Limited.

Furthermore, the Company's business activities, its performance for the year, together with other factors likely to affect its future development, have been reviewed by the directors. Despite the Company having no other ongoing liabilities other than to its parent entity, the directors acknowledge that in order to continue to trade as a going concern for a period of at least 12 months from the date of approval of these financial statements, the Company is dependent on continued financial support from its parent entity, which is not guaranteed. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, there is no intention to cease trading or wind up the Company and the directors have a reasonable expectation that the parent company will continue to provide support, and therefore the directors continue to adopt the going concern basis in preparing the Director's Report and financial statements. The financial statements do not include any adjustments should the going concern basis of preparation be inappropriate.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)**1.3 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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 (loss)/profit

The operating (loss)/profit is stated after charging:

	2020	2019
	£	£
Auditor's remuneration	5,253	4,218

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

5. Taxation

	2020 £	2019 £
Corporation tax		
UK corporation tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below.

	2020 £	2019 £
Company (loss)/profit on ordinary activities before tax	(5,253)	61,158
Tax on (loss) / profit on ordinary activities at standard UK corporation tax rate of 19% (2019: 19%)	(998)	11,620
Effects of:		
Losses not recognised	-	801
Non-taxable income	-	(12,421)
Group relief surrendered	998	-
Company total tax charge for the year	-	-

Factors affecting the future tax charge

A potential deferred tax asset of £801 (2019: £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 has not been substantively enacted at the balance sheet date, as a result the unrecognised deferred tax asset in respect of tax losses as at 30 June 2020 continues to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the impact to the closing DT position would be to increase the unrecognised deferred tax asset by £253.

INGENIOUS REAL ESTATE INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

6. Investments in subsidiaries

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2019	4
At 30 June 2020	<u>4</u>

7. Debtors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed by Group undertakings	6,843,464	5,889,372
	<u>6,843,464</u>	<u>5,889,372</u>

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to Group undertakings	6,843,467	5,885,255
Accruals and deferred income	5,253	4,120
	<u>6,848,720</u>	<u>5,889,375</u>

Amounts owed to Group undertakings represents the balance due in respect of an intra-group loan with the Company's direct parent, Ingenious Capital Management Holdings Limited. The loan is repayable on demand and no interest is charged.

9. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 2020 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.