

IPP Holdings (Europe) Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2019

Company Registration No. 11708277

IPP Holdings (Europe) Limited

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IPP Holdings (Europe) Limited

DIRECTORS AND ADVISORS

DIRECTORS

J Ayres

MA Penman

SECRETARY

M Winnard FCCA FALA

REGISTERED OFFICE

Unit C

Barton Business Park

Barton under Needwood

Burton-on-Trent

Staffordshire

DE13 8BX

AUDITOR

RSM UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

IPP Holdings (Europe) Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for IPP Holdings (Europe) Limited for the 210 day period ended 30 June 2019.

REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The Company was incorporated on 3 December 2018 and commenced to trade on 14 March 2019 when the Company acquired its subsidiaries through a demerger from IPP International Piping Products (Cyprus) Limited. On this date 16,200,000 ordinary £1 shares were issued to J Ayres.

The Groups results relate to the period from 14 March 2019 to 30 June 2019 as the directors consider this reflects the new ownership and structure of the Group post demerger.

The Group's board consider that the key financial performance indicators are those that communicate the financial performance and strength of the Group as a whole, these being Group Turnover; Group Gross Profit; Group Gross Margin; Group EBITDA; Group Net Assets; and Company Net Assets.

	Unit	Acquired Operations 2019
Group Turnover	£	6,538,055
Group Gross Profit	£	1,683,085
Group Gross Profit Margin	%	25.7%
Group EBITDA	£	(269,612)
Group Net Assets	£	15,856,346
Company Net Assets	£	15,164,651

The Group reported Turnover of £6,538,055 for the period 14 March 2019 to 30 June 2019 which produced a gross margin of £1,683,085 (25.7%). Administration expenses were reported at £2,199,222 which resulted in an operating Loss of £514,836.

The consolidated Group Net Assets were reported at the end of the period at £15,856,345, included in this amount was Fixed Assets of £8,771,761 of which £2,967,727 represented the balance of Goodwill held at the end of the period. The Company reported Net Assets of £15,164,651 of which £15,164,649 was Investments.

The Group Stocks held at the end of the period were valued at £7,173,552 which included a fair value adjustment of £1,003,275. Current Debtors were reported at £11,866,697 and Current Creditors were reported at £12,568,204.

Group cash held on account at the end of the period was £2,980,665.

The directors are satisfied with the overall results and financial position of the Group, including the cash reserves held at the period-end. The directors also consider that the Group is well positioned to take advantage of the recovering Oil & Gas sector, which is forecast during 2020 and beyond and which is supported by an increasing Oil price. The Group continue to have a strong order book and a strong pipeline of future order opportunities.

Whilst the Group remains heavily committed to the Oil & Gas industry there has been a focus towards diversification into other industries to help offset industry volatility risk and dependence.

The directors consider that current inventory levels held by the Group at £7,173,552 shall provide good opportunities to support short lead time order awards.

The directors are satisfied with the Group's Net Asset of £15,856,345.

IPP Holdings (Europe) Limited

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates globally in varied markets and manages the risks inherent in its activities.

The directors consider that the primary risk is in respect of the market in which it operates, being the oil and petrochemical sector, and is therefore susceptible to downturns in this sector. Nevertheless, the Group is well placed to trade successfully in this market and through any such events that may arise in the future.

The directors consider that core external risks that could impact the market are around global, political and economic conditions, actions of competitors and the effect of legislation or other regulatory action. The senior management team closely monitors all of these risks.

Following preparation of these accounts, on 11 March 2020 the World Health Organization declared the global coronavirus outbreak to be a pandemic and the United Kingdom implemented lockdown measures on 23 March 2020. The Group continues to operate and be functional supplying its customer base and the delivery requirements where possible. Supply has barely been affected and any impact on demand is expected to be at levels which the Group can manage effectively.

By order of the board



MA Penman
Director

23 June 2020

IPP Holdings (Europe) Limited

DIRECTORS' REPORT

The directors submit their report and the Group financial statements of IPP Holdings (Europe) Limited for the 210 day period ended 30 June 2019.

The company was incorporated on 3 December 2018 and commenced to trade on 14 March 2019.

The trading operations of subsidiaries of the group were acquired on 14 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Group is that of the stockholding, supply, and manufacture of products, fittings and flanges to the oil and petrochemical industries.

The principal activity of the Company is that of a holding company.

DIVIDENDS

The directors do not recommend the payment of a final ordinary dividend.

FUTURE DEVELOPMENTS

The directors propose to continue to expand into different geographical markets as opportunities arise.

HEDGING FORECAST TRANSACTIONS

A proportion of the Group's sales are denominated in currencies other than Sterling which are only partially matched by expenses denominated in these currencies. A significant movement of these currencies against Sterling could materially impact the Group's performance. The Group sets internal exchange rates for determining pricing and naturally hedges where appropriate. Additionally, the Group has access to hedging instruments such as forward contracts through its banking facilities should management consider it necessary to reduce currency exposure risk.

DIRECTORS

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

J Ayres (appointed 3 December 2018)

MA Penman (appointed 1 April 2019)

A M Rodger BA FCCA Dip PFA (appointed 3 December 2018, resigned 31 October 2019)

FINANCIAL INSTRUMENTS

The Group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk.

Price and credit risk

The Group operates strict policies over the management of pricing and agreeing significant contracts, with key decisions on pricing and margins being made by the senior management team.

The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

IPP Holdings (Europe) Limited

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS (continued)

Cash flow and liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility. All of the business's cash balances are held in such a way that achieves a competitive rate of interest. The businesses make use of money market facilities where funds are available.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

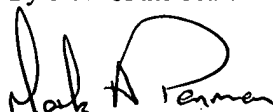
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



MA Penman
Director

23 June 2020

IPP Holdings (Europe) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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).

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPP HOLDINGS (EUROPE) LIMITED

Opinion

We have audited the financial statements of IPP Holdings (Europe) Limited (the 'parent Company') and its subsidiaries (the 'group') for the period ended 30 June 2019 which comprise the statement of comprehensive income, statements of financial position, statements of changes in equity, statement of cash flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's loss for the period 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 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 are independent of the group 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 group's or the parent 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 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.

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 strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPP HOLDINGS (EUROPE) LIMITED (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent 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: <http://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.

RSM UK Audit Ltd

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

24 June 2020

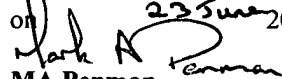
IPP Holdings (Europe) Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 210 day period ended 30 June 2019

	Note	2019 £
TURNOVER – ACQUIRED OPERATIONS	2	6,538,055
Cost of sales		(4,854,970)
GROSS PROFIT		1,683,085
Other operating income		1,301
Administrative expenses		(2,199,222)
OPERATING LOSS		(514,836)
Interest payable and similar expenses	6	(69,445)
LOSS BEFORE TAXATION	2-7	(584,281)
Taxation	8	240,624
LOSS FOR THE PERIOD – ACQUIRED OPERATIONS		(343,657)
Total comprehensive loss for the period attributable to:		
Owners of the parent		(343,657)
Non-controlling interest		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(343,657)

IPP Holdings (Europe) Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2019

	Note	2019
		£
FIXED ASSETS		
Goodwill	9	2,967,727
Other intangible assets	10	111,675
Investment property	12	758,000
Tangible assets	12	4,934,359
		8,771,761
CURRENT ASSETS		
Stocks	14	7,173,552
Debtors	15	11,866,697
Cash at bank and in hand		2,980,665
		22,020,914
CURRENT LIABILITIES		
Creditors: Amounts falling due within one year	16	(12,568,204)
NET CURRENT ASSETS		9,452,710
TOTAL ASSETS LESS CURRENT LIABILITIES		18,224,471
CREDITORS: Amounts falling due after more than one year	17	(2,189,848)
PROVISION FOR LIABILITIES	20	(178,278)
NET ASSETS		15,856,345
CAPITAL AND RESERVES		
Called up share capital	21	16,200,002
Profit and loss account		(343,657)
TOTAL EQUITY		15,856,345
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		15,856,345
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	22	-
		15,856,345

The financial statements on pages 9 to 37 were approved by the board of directors and authorised for issue on 23 June 2020 and are signed on its behalf by:


MA Penman
 Director

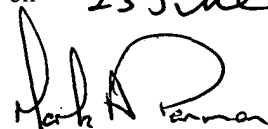
Company Registration No. 11708277

IPP Holdings (Europe) Limited
COMPANY STATEMENT OF FINANCIAL POSITION
At 30 June 2019

	Note	2019	
		£	£
FIXED ASSETS			
Investments	13		15,164,649
CURRENT ASSETS			
Debtors	15	409,972	
Cash at bank and in hand		409,970	
		<u>819,942</u>	
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	16	(819,940)	
		<u></u>	
NET CURRENT ASSETS			2
NET ASSETS			<u>15,164,651</u>
CAPITAL AND RESERVES			
Called up share capital	21	16,200,002	
Profit and loss account		(1,035,351)	
		<u></u>	
TOTAL EQUITY			<u>15,164,651</u>

The Company's loss and total comprehensive loss for the period was £1,035,351.

The financial statements on pages 9 to 37 were approved by the board of directors and authorised for issue on 23 June 2020 and are signed on its behalf by:



MA Penman
Director

Company Registration No. 11708277

IPP Holdings (Europe) Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 210 day period ended 30 June 2019

	Called up share capital £	Profit and loss account £	Total £	Controlling interests £	Non- controlling interest £	Total £
Loss for the period	-	(343,657)	(343,657)	(343,657)	-	(343,657)
Total comprehensive loss for the period	-	(343,657)	(343,657)	(343,657)	-	(343,657)
<i>Transactions as owners:</i>						
Issue of shares	16,200,002	-	16,200,002	16,200,002	-	16,200,002
Balance at 30 June 2019	16,200,002	(343,657)	15,856,345	15,856,345	-	15,856,345

The directors have made a provision against the non-controlling interest debtor as they consider the group would be unable to recover the balance from the non-controlling interest.

IPP Holdings (Europe) Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
For the 210 day period ended 30 June 2019

	Called up share capital £	Profit and loss account £	Total £
Loss for the period	-	(1,035,351)	(1,035,351)
Total comprehensive loss for the period	-	(1,035,351)	(1,035,351)
<i>Transactions with owners:</i>			
Issue of shares	16,200,002	-	16,200,002
Balance at 30 June 2019	16,200,002	(1,035,351)	15,164,651

IPP Holdings (Europe) Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 210 day period ended 30 June 2019

	Note	£	2019 £
OPERATING ACTIVITIES			
Cash generated from operations	23	439,231	
Interest paid		(69,445)	
Income taxes received		194,047	
NET CASH GENERATED FROM OPERATING ACTIVITIES			563,833
INVESTING ACTIVITIES			
Sale of tangible fixed assets		199	
NET CASH GENERATED FROM INVESTING ACTIVITIES			199
FINANCING ACTIVITIES			
Share Issue		2	
Repayments of borrowings		(23,245)	
Repayments of obligations under finance leases		(36,519)	
NET CASH GENERATED FROM FINANCING ACTIVITIES			(59,762)
NET INCREASE IN CASH AND CASH EQUIVALENTS			504,270
CASH AND CASH EQUIVALENTS AT START OF PERIOD			-
Cash acquired on acquisition of subsidiaries			2,114,554
CASH AND CASH EQUIVALENTS AT END OF PERIOD			2,618,824
Relating to:-			
Bank balances included in "cash at bank and in hand"			2,980,665
Overdrafts included in "creditors: amounts due within one year"			(361,841)
			2,618,824

IPP Holdings (Europe) Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

IPP Holdings (Europe) Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Unit C, Barton Business Park, Barton under Needwood, Burton-on-Trent Staffordshire, DE13 8BX.

The Group consists of IPP Holdings (Europe) Limited and all of its subsidiaries.

The Company and Group's principal activities and nature of its operations are included in the directors' report.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The Group early adopted FRS102 Triennial Review amendments in the period ended 30 June 2019, there are restatements or impacts as this is the first period of preparing consolidated financial statements. The main impact of the adoption is the treatment of goodwill which has been recognised as residual goodwill in total as there are no contractual rights to separately recognise.

Monetary amounts in these financial statements are rounded to the nearest £1 except where otherwise indicated.

GOING CONCERN

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. In addition, the Group's financial risk management objectives, details of its hedging activities, and its exposures to credit risk and liquidity risk are set out in these pages.

The financial statements have been prepared on the going concern basis which assumes that the Group and Company will be able to continue to trade for the foreseeable future.

On 11 March 2020, the World Health Organization declared the global coronavirus outbreak to be a pandemic. This has seen significant limitations placed on the movement of goods and people worldwide, with the United Kingdom implementing lockdown measures on 23 March 2020. The directors have reviewed forecasts for the 12 month period from the date of signing these financial statements.

The IPP Holdings (Europe) Limited group and the Company operate in the key business group of oil and gas and have therefore continued to trade and operate during the Covid 19 pandemic. The Group itself continues to operate as a going concern as such the directors, consider there is no material uncertainty in respect of the going concern of the group and that there is no impact on the carrying value of the group's assets.

At 30 June 2019 the Group had cash at bank of £2,980,665, with future trade expected to be cash generative. The directors consider this to be sufficient to fund the Group's expected working capital requirements, longer term capital commitments and allow for a level of headroom in the event that sales growth does not materialise as expected.

As a consequence of the factors outlined above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis of accounting in preparing the financial statements.

IPP Holdings (Europe) Limited

ACCOUNTING POLICIES

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of IPP Holdings (Europe) Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 June 2019.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

International Piping Products (Australia) Pty Limited has not been included in these consolidated accounts due to IPP Holdings (Europe) Limited not having 50% control over the associated company as this company is in liquidation.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by section 408 Companies Act 2006, the Company has not presented its own statement of comprehensive income as it prepares group accounts and the Company's individual statement of financial position shows the Company's profit or loss for the financial period.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The consolidated financial statements are presented in sterling which is also the functional currency of the Company.

TURNOVER

Turnover is recognised at the fair value of consideration received which represents the invoiced value, net of Value Added Tax. Turnover is derived entirely from the Group's principal activities. Revenue is recognised on the date of despatch to the customer or when substantially all of the obligations under a sales contract have been fulfilled.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax

IPP Holdings (Europe) Limited

ACCOUNTING POLICIES

TAXATION (continued)

assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs, and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

INTANGIBLE FIXED ASSETS - GOODWILL

Goodwill representing the excess of the consideration for an acquired undertaking compared with the fair value of net assets acquired is capitalised and written off evenly over 10 years or the life that the fair value adjustment related to, as in the opinion of the directors this represents the period over which the goodwill is effective. A period of 10 years is deemed reasonable as the directors believe the normal useful life of assets acquired. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

INTANGIBLE FIXED ASSETS – OTHER THAN GOODWILL

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

IPP Holdings (Europe) Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS – OTHER THAN GOODWILL (continued)

Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Brand	-	5 years
Software	-	4 years

Brands are deemed to have a useful economic life of 5 years based on the assets acquired and forecasted performance.

Software is deemed to have a useful economic life of 4 years based on the director's estimates.

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on tangible fixed assets except freehold land and investment properties at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	-	2% on cost
Leasehold improvements	-	20% on cost
Short leasehold property	-	20% on cost
Plant and machinery	-	12.5%-20% on cost
Fixtures and fittings	-	15%-25% on cost
Computer equipment	-	25% on cost
Motor vehicles	-	25% on cost

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Major spare parts that are expected to be used in more than one period, or that can only be used for one asset, are capitalised as tangible fixed assets. All other spare parts are classified as stocks.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

IPP Holdings (Europe) Limited

ACCOUNTING POLICIES

INVESTMENT PROPERTIES

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

INVESTMENTS

In the separate accounts of the Company, interest in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs including labour plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate.

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover and long term contract balances, the excess is included as a creditor. The amount of long term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income. Assets and liabilities of overseas subsidiaries are translated into the group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the period as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

IPP Holdings (Europe) Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, other and group debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar expenses.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

PROFIT AND LOSS RESERVE

The cumulative profit and loss net of distributions to owners.

IPP Holdings (Europe) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 210 day period ended 30 June 2019

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates, assumptions and areas of judgement

The Company and Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The realisable value of stock is calculated using long established and well tested methodologies that take into account the changes in market dynamics, expected obsolescence, technical upgrades and disposal costs.

In order to assess the recognition of turnover and profits generated on contracts management consider the stage of completion of the contracts ongoing at the period end by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of expected total costs. This assessment includes an estimate of expected costs to complete which includes an element of judgement as projects can change and result in either additional or less costs depending on the outcome of work performed.

The Group has adopted equity accounting in preparing the consolidation rather than merger accounting on the basis this presents a true and fair view of the Group post its demerger from IPP International Piping Products (Cyprus) Limited. This has led to goodwill arising of £3,056,886 and was on the basis the Group has significantly changed post acquisition.

The recoverable amount of goodwill and other intangible assets is based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth.

Impairment of trade debtors is recognised when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

Supplier credit notes provisions have been established based on the directors' estimate of the outcome of negotiations on disputed balances.

2 TURNOVER

The Group's turnover was derived from its principal activities. Turnover was made in the following geographical markets:

	2019 £
<i>Sale of goods:</i>	
United Kingdom	2,741,453
Europe	382,410
Rest of World	3,414,192
	<hr/>
	6,538,055
	<hr/>

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

3	EMPLOYEES	2019 Number
	The average monthly number of persons (including directors) employed by the Group during the period was:	
	Management	2
	Administration, sales and service	68
	Production	40
		<u>110</u>
	Staff costs for the above persons were as follows:	2019 £
	Wages and salaries	1,110,148
	Social security costs	96,066
	Other pension costs	36,076
		<u>1,242,290</u>
		2019 Number
	The average monthly number of persons (including directors) employed by the Company during the period was:	
	Management	2
		<u>2</u>
	DIRECTORS' REMUNERATION	Group 2019 £
	Emoluments	
	Amounts paid to money purchase pension schemes	58,556
		<u>58,556</u>

4 REMUNERATION OF KEY MANAGEMENT PERSONNAL

The total remuneration of the directors and managers who are considered to be the key management personnel of the Group was £163,519.

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

5 RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group and amounted to £36,076. Contributions totalling £18,698 were payable to the fund at the period end and are included in other creditors.

6 INTEREST PAYABLE AND SIMILAR EXPENSES	Group 2019 £
Interest on finance leases and hire purchase contracts	1,208
Bank and other interest	20,103
Foreign exchange losses	48,134
	<hr/>
	69,445
	<hr/>

7 LOSS BEFORE TAXATION	Group 2019 £
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Loss before taxation is stated after charging:

Audit services:	
Statutory audit of parent and consolidated accounts	3,200
Statutory audit of subsidiaries	7,676
All other non-audit services:	
Taxation compliance services	3,849
Taxation advisory services	219
All other non-audit services	3,200
Rentals payable under operating leases:	
Other	127,537
Plant and machinery	58,050
Depreciation of tangible fixed assets:	
- owned assets	110,943
- assets on hire purchase contracts	33,017
Loss on disposal of tangible fixed assets	2,196
Brand amortisation	11,441
Software amortisation	663
Goodwill amortisation	89,159
Foreign exchange losses	48,134
Research and development expenditure	543,086

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

8	TAXATION	Group 2019 £
	Current tax:	
	UK corporation tax	(180,182)
	Adjustments in respect of previous periods	(55,578)
		<hr/>
	Total current tax	(235,760)
	Deferred tax:	
	Origination and reversal of timing differences	
		(3,862)
	Adjustments in respect of previous periods	(1,002)
		<hr/>
	Total deferred tax	(4,864)
		<hr/>
	Total tax on loss	(240,624)
		<hr/> <hr/>
	Factors affecting tax credit for the period:	Group 2019 £
	The tax assessed for the period is higher than the average standard rate of corporation tax in the UK 19%. The differences are explained below:	
	Loss before tax	(584,281)
		<hr/>
	Loss before tax multiplied by the average standard rate of corporation tax in the UK 19%	(111,013)
	<i>Effects of:</i>	
	Expenses not deductible for tax purposes	155,848
	Non-taxable income	(101,223)
	Chargeable gains	44,622
	Adjustments to tax charge in respect of previous periods	(56,580)
	Differences in deferred tax rate	(1,959)
	Deferred tax not recognised	31,903
	Other tax adjustments and relief	(202,222)
		<hr/>
	Total tax expense for the period	(240,624)
		<hr/> <hr/>

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

9	INTANGIBLE FIXED ASSETS	Goodwill £
	GROUP	
	<i>Cost</i>	
	Arising on acquisition of subsidiaries	3,056,886
	At end of period	3,056,886
	<i>Amortisation</i>	
	Charge for the period	89,159
	At end of period	89,159
	<i>Carrying amount</i>	
	At 30 June 2019	2,967,727

The amortisation charge for the period is recognised within administrative expenses.

10	OTHER INTANGIBLE FIXED ASSETS	Brand £	Software £	Total £
	GROUP			
	<i>Cost</i>			
	Additions on acquisition of subsidiaries	196,153	11,895	208,048
	At end of period	196,153	11,895	208,048
	<i>Amortisation</i>			
	Amortisation acquired	76,828	7,441	84,269
	Charge for period	11,441	663	12,104
	At end of period	88,269	8,104	96,373
	<i>Carrying value</i>			
	At 30 June 2019	107,884	3,791	111,675

IPP Holdings (Europe) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 210 day period ended 30 June 2019

11 ACQUISITION

On 14 March 2019, IPP Holdings (Europe) Limited acquired 100% of the issued share capital of IPP Property Holdings Limited, its subsidiary investment International Piping Products (Europe) Limited, together with International Piping Products (Europe) Limited's 100% owned dormant subsidiaries: Integral Pressure Connections Limited, IPP Specialised Machine Services Limited, Stainless Steel Fasteners and IPP Forging Limited and its 50% trading subsidiaries International Piping Products (East Coast) Pty Limited and International Piping Products (Australia) Pty Limited.

Also on 14 March 2019, IPP Holdings (Europe) Limited acquired 70% of IPP (Carbon & Alloy) Limited and 100% of the issued share capital of:

IPP Mardale Limited, IPP Scomark Engineering Limited, IPP Accura Supply Limited, IPP Stainless Steel Fasteners Limited, IPP Van Triel Limited, IPP Linvic Engineering Limited, IPP Plant & Equipment Leasing Limited, IPP Stock Holdings Limited, IPP Scomark (Europe) Limited and IPP (Europe) Limited.

Consolidated turnover and consolidated profit after tax is entirely made up of the financials from the acquired companies from the date of acquisition on 14 March 2019.

The goodwill arising on acquisition of £3,056,886 is considered to have a useful life of 10 years.

The cost of the acquisition comprised total consideration of £16,200,000, by way of issue of share capital.

The trade and assets have been accounted for using the acquisition method of accounting as the directors consider this represents the most true and fair view of the transaction undertaken.

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

11 ACQUISITION (continued)

The following assets were identifiable on acquisition:

	Initial book value	Fair value adjustment	Fair value at date of acquisition
	£	£	£
Intangible fixed assets	123,779	-	123,779
Tangible fixed assets	5,337,188	501,526	5,838,714
Stocks	8,741,911	(1,003,275)	7,738,636
Debtors	15,288,160	(2,789,653)	12,498,507
Corporation tax	158,838	-	158,838
Cash at bank	2,114,554	-	2,114,554
TOTAL ASSETS	31,764,430	(3,291,402)	28,473,028
Trade creditors	11,293,002	(552,354)	10,740,648
Other creditors	2,883,197	-	2,883,197
Accruals	1,532,655	-	1,532,655
Provisions – deferred tax	173,414	-	173,414
TOTAL LIABILITIES	15,882,268	(552,354)	15,329,914
NET ASSETS	15,882,162	(2,739,048)	13,143,114
Goodwill			3,056,886
Total consideration			16,200,000

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

12 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Investment property £	Leasehold improvements £	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
GROUP									
<i>Cost/fair value</i>									
Additions on acquisition	3,208,256	758,000	54,970	31,297	1,649,588	32,258	101,794	2,551	5,838,714
Disposals	-	-	-	-	-	-	-	(2,395)	(2,395)
At end of period	3,208,256	758,000	54,970	31,297	1,649,588	32,258	101,794	156	5,836,319
<i>Fair value</i>									
Cost	3,208,256	758,000	54,970	31,297	1,649,588	32,258	101,794	156	5,078,319
<i>Depreciation</i>									
Charge for the period	10,656	-	4,693	4,765	110,317	3,486	9,887	156	143,960
At end of period	10,656	-	4,693	4,765	110,317	3,486	9,887	156	143,960
<i>Carrying amount</i>									
At 30 June 2019	3,197,600	758,000	50,277	26,532	1,539,271	28,772	91,907	-	5,692,359

Included within freehold land and buildings is £522,267 in respect of freehold land, which is not depreciated.
The directors have considered the investment property valuation at the period end and consider the value fairly represents market value.

Leased plant and machinery – the net book value of plant and machinery includes £345,622 in respect of assets held under finance leases and hire purchase contracts.

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

12 TANGIBLE FIXED ASSETS(continued)

On an historical cost basis to the Group the freehold land and buildings, currently carried at £3,197,600 would have been included at:

	Land and buildings 2019 £
Cost	2,188,911
Aggregate depreciation	248,429

Investment property comprises of a private residential building. The fair value of the Group's investment property at 30 June 2019 has been arrived at on the basis of a valuation carried out by the directors.

On an historical cost basis to the Group the investment property, currently carried at £758,000 would have been included at:

	Investment property 2019 £
Cost	660,000
Aggregate depreciation	-

The investment property has been sold post year end for £758,000.

13 FIXED ASSET INVESTMENTS

COMPANY	Shares in subsidiary undertakings £
<i>Cost</i>	
Additions	16,200,000
Impairment	(1,035,351)
At end of period	15,164,649

IPP Holdings (Europe) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 210 day period ended 30 June 2019

13 FIXED ASSET INVESTMENTS (continued)

The Company holds more than 20% of the equity and non equity shares of the following undertakings:

<i>Subsidiary undertakings</i>	<i>Registered office</i>	<i>Nature of business</i>	<i>Class and percentage of shares held</i>	
			<i>Group</i>	<i>Company</i>
IPP Linvic Engineering Limited	See note A	Dormant	100% Ordinary	100% Ordinary
IPP Forging Limited	See note A	Dormant	100% Ordinary	-
IPP Mardale Limited	See note A	Manufacture of pipes	100% Ordinary	100% Ordinary
Integral Pressure Connections Limited	See note A	Dormant	100% Ordinary	-
IPP Scomark Engineering Limited	See note A	Manufacture of manifolds and bespoke fabrication	100% Ordinary	100% Ordinary
Scomark Pipefittings International Limited	See note A	Dormant	100% Ordinary	100% Ordinary
IPP Specialised Machine Services Limited	See note A	Dormant	100% Ordinary	-
Stainless Steel Fasteners Limited	See note A	In Liquidation	100% Ordinary	-
IPP (Carbon & Alloy) Ltd	See note A	Carbon Alloy Stockist	70% Ordinary	70% Ordinary
International Piping Products (Australia) Pty Ltd	See note B	In Liquidation	50% Ordinary	-
International Piping Products (East Coast) Pty Ltd	See note B	Supply of piping products	50% Ordinary	-
IPP Stainless Steel Fasteners Limited	Note A	Supply of fasteners	100% Ordinary	100% Ordinary
IPP Van Triel Limited	Note A	Supply of piping products	100% Ordinary	100% Ordinary
IPP Accura Supply Limited	Note A	Supply of piping products	100% Ordinary	100% Ordinary
IPP Property Holdings Limited	Note A	Property holding company	100% Ordinary	100% Ordinary
International Piping Products (Europe) Limited	Note A	Manufacture and supply of piping products	100% Ordinary	-
IPP Plant & Equipment Leasing Limited	Note A	Leasing of plant and equipment	100% Ordinary	100% Ordinary
IPP Stock Holdings Limited	Note A	Stock holding	100% Ordinary	100% Ordinary
IPP Scomark (Europe) Limited	Note A	Supply of piping products	100% Ordinary	100% Ordinary
IPP (Europe) Limited	Note A	Manufacture and supply of piping products	100% Ordinary	100% Ordinary

Note A: Unit C1, Barton Business Park, Barton Under Needwood, Staffordshire, England, DE13 8BX, England

Note B: Hay St 914 L 1, 6000 Perth, Australia

The addition in the period relates to the acquisition as detailed in Note 11.

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

14 STOCKS

	Group 2019 £
Raw materials	404,209
Work in progress	1,662,806
Finished goods and goods for resale	5,106,537
	<u>7,173,552</u>

15 DEBTORS

	Group 2019 £	Company 2019 £
<i>Amounts falling due within one year:</i>		
Trade debtors	5,755,279	2
Amounts owed by related undertakings	4,376,684	409,970
Corporation tax	210,278	-
Other debtors	692,750	-
Prepayments and accrued income	831,706	-
	<u>11,866,697</u>	<u>409,972</u>

The Group's trade debtors are stated net of a provision of £1,107,844. The Group's Related undertakings debtors are stated net of a provision of £1,253,561. The Company's trade debtors are stated net of a provision of £3,064.

Included in other debtors is £744 relating to the director's loan account as shown below:

	At end of period £	2019 Maximum liability £
J Ayres	744	744

There are no set repayment terms or interest charged on director's loans.

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

16 CREDITORS: Amounts falling due within one year

	Group 2019 £	Company 2019 £
Bank loans and overdrafts	456,315	-
Hire purchase contracts	147,883	-
Trade creditors	9,583,942	-
Amounts owed to group undertakings	-	819,940
Amounts owed to related undertakings	166,953	-
Other tax and social security costs	316,252	-
Other creditors	473,031	-
Accruals	1,423,828	-
	12,568,204	819,940

17 CREDITORS: Amounts falling due after more than one year

	Group 2019 £
Bank loans	1,961,650
Hire purchase contracts	228,198
	2,189,848

IPP Holdings (Europe) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 210 day period ended 30 June 2019

18 BORROWINGS

	Group 2019 £
<i>Creditors: Amounts falling due within one year</i>	
Bank loans	94,474
Hire purchase contracts	147,883
	<hr/> -
	<hr/> 242,357
<i>Creditors: Amounts falling due after more than one year</i>	
Bank loans	1,961,650
Hire purchase contracts	228,198
	<hr/> 2,189,848

The bank loan carries an interest rate of 1.69% above base rate and is repayable over 3 years.

The bank borrowings are secured by a legal charge dated 3 December 2018 over the Group's premises at Unit C, Centre 38, Barton Business Park, Barton under Needwood, near Burton on Trent, a charge over credit bank balances dated 5 November 2018 by a cross guarantee and debenture between International Piping Products (Europe) Limited, IPP (Carbon & Alloy) Limited, IPP Accura Supply Limited, IPP Mardale Limited, IPP Scomark Engineering Limited, IPP Stainless Steel Fasteners Limited, IPP Van Triel Limited, IPP Property Holdings Limited, IPP Plant & Equipment Leasing Limited, IPP Stock Holdings Limited, IPP Scomark (Europe) Limited and IPP (Europe) Limited over the Company's assets, to secure bank borrowings; the potential liability the Group was exposed to at the period end was £2,417,965.

IPP Holdings (Europe) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 210 day period ended 30 June 2019

19 FINANCE LEASE AND HIRE PURCHASE CONTRACTS

Obligations under finance leases and hire purchase contracts are secured by the related assets and bear finance charges at rates ranging from 5.4% to 7.9% per annum:

The total future minimum lease payments are payable:	Group 2019 £
Less than one year	147,883
Between one and five years	228,198
	376,081

Finance lease payments represent rentals payable by the Group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 12.

20 PROVISION FOR LIABILITIES

DEFERRED TAXATION	Group 2019 £
Acquired on acquisition	173,414
Provided for in the period	4,864
At end of period	178,278

Provision for deferred tax has been made as follows:

	Group 2019 £
Accelerated capital allowances	13,889
Capital gains	164,389
	178,278

The deferred tax liability of £13,889 is expected to reverse between 2 and 8 years and relates to differences accumulated depreciation charged and capital allowances claimed that are expected to mature within the same period.

IPP Holdings (Europe) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 210 day period ended 30 June 2019

20 PROVISION FOR LIABILITIES (continued)

The deferred tax liability of £164,389 relating to capital gains is expected to be held until the relevant assets are revalued or sold.

The Group does not provide deferred taxation assets unless sufficient taxable profits to utilise the assets can be foreseen.

21	CALLED UP SHARE CAPITAL	2019
		£
	GROUP AND COMPANY	
	Allotted, issued and fully paid:	
	16,200,002 ordinary shares of £1 each	16,200,002

On incorporation 2 ordinary £1 shares were allotted.

On 14 March 2019 16,200,000 ordinary £1 shares were issued at par.

Ordinary Share Rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

22	NON-CONTROLLING INTEREST	Group
		2019
		£
	Non-controlling share of loss for the period	(78,362)
	Additional provision against non-controlling interest	78,362
		-

The directors have made a provision against the non-controlling interest debtor as they consider the Group would have an obligation to provide finance that they may not be able to recover in respect of the accumulated losses in its subsidiary which are attributable to the non-controlling interests.

IPP Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 210 day period ended 30 June 2019

23	RECONCILIATION OF LOSS AFTER TAX TO NET CASH GENERATED USED IN OPERATIONS	2019 £
	Loss after tax	(343,657)
	Adjustments for:	
	Depreciation of tangible fixed assets	143,960
	Amortisation of intangible assets	101,263
	Loss on disposal of tangible fixed assets	2,196
	Interest payable	69,445
	Taxation	(240,624)
	Operating cash flows before movements in working capital	(267,417)
	Decrease in stock	565,084
	Decrease in trade and other debtors	842,088
	Increase in trade and other creditors	(700,524)
	Cash generated from operations	439,231

24 OPERATING LEASES

The Group as lessee

The Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	2019		
	Land and buildings	Other	Total
	£	£	£
Amounts due:			
Within one year	370,330	135,755	506,085
Between one and five years	862,399	232,216	1,094,615
After five years	506,361	-	506,361
	1,739,090	367,971	2,107,061

IPP Holdings (Europe) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 210 day period ended 30 June 2019

25 RELATED PARTY TRANSACTIONS

The Group rents offices in a property owned by the directors. The office rental for the period ended 30 June 2019 amounted to £4,083 and is based upon open market value.

Consideration was paid by the Group, for consultancy services, to a third party Companies, of which a director has control. Consideration paid in the period ended 30 June 2019 amounted to £86,000.

Transactions with subsidiaries that are not wholly owned GROUP

During the period, entities in the group made sales to a non wholly owned subsidiary of £338,388 and purchases of £543,623.

As at the period end the group was owed a net debtor of £1,026,191.

Transactions with a Company having a common beneficial shareholder GROUP

During the period, entities in the group made sales of £2,177,822 and purchases of £109,591.

As at the period end the group was owed a net debtor of £4,209,731.

26 CONTINGENT LIABILITIES

IPP Holdings (Europe) Limited has confirmed they will provide financial support to International Piping Products (Europe) Limited, IPP Scomark Engineering Limited, IPP (Carbon & Alloy) Limited, IPP Stainless Steel Fasteners, IPP Van Triel Limited, IPP Plant & Equipment Leasing Limited, IPP Property Holdings Limited, IPP Stock Holdings Limited and IPP Scomark (Europe) Limited.

The directors do not consider it practicable to estimate the financial impact of this support on the Company and it is in place for at least 12 months from the date of signing of the fellow subsidiaries statutory accounts.

The Company is a member of a VAT group. At 30 June 2019 the aggregate VAT liability of the other companies in the Group was £nil.

27 POST BALANCE SHEET EVENTS

Following preparation of these accounts, on 11 March 2020 the World Health Organization declared the global coronavirus outbreak to be a pandemic and the United Kingdom implemented lockdown measures on 23 March 2020. The Group continues to operate and be functional supplying its customer base and the delivery requirements where possible. Supply has barely been affected and any impact on demand is expected to be at levels which the Group can manage effectively.

On 5th June 2020 IPP Holdings (Europe) Limited acquired the remaining 30% of the issued share capital of the IPP (Carbon & Alloy) Limited to hold 100% of the issued share capital. The consideration paid was £30, being £1 per share for the 30 shares acquired

28 CONTROLLING INTEREST

IPP Holdings (Europe) Limited is under the control of Jared Ayres.