

Company Registration No. 07236168 (England and Wales)

**IPE Group (Holdings) Limited**

**Annual report and  
group financial statements  
for the year ended 31 March 2018**

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## **IPE Group (Holdings) Limited**

### **Company information**

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<b>Director</b>	Mohammed Imam
<b>Company number</b>	07236168
<b>Registered office</b>	4th Floor 73 New Bond Street London W1S 1RS
<b>Independent auditor</b>	Saffery Champness LLP City Tower Piccadilly Plaza Manchester M1 4BT

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**IPE Group (Holdings) Limited**

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## **IPE Group (Holdings) Limited**

### **Strategic report**

**For the year ended 31 March 2018**

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The director presents the strategic report for the year ended 31 March 2018.

#### **Fair review of the business**

The Group headed by IPE Group (Holdings) Limited (commonly known as IPE Developments) is a UK based property developer predominantly acquiring land in London and the South East, developing and constructing residential (90%) and mixed use residential and commercial (10%) property for sale, typically aiming for the first time buyer and property investors. The vast majority of the residential sales operate with the government backed "Help to Buy" scheme which is critical in the market space in which we operate.

During the financial period in question the Group had turnover of £47,223,050 (2017 - £15,235,094), an increase of 309% which highlights the significant growth the Group achieved. Profit before tax and amortisation of goodwill was £5,105,900 (2017 - £1,937,384). Goodwill amortisation reflects the write down of investments acquired by the Group for projects that had been realised. These are considered to be exceptional items by the director which are not a reflection of the underlying profitability of the Group's principal activity, but are accounting entries required for compliance with FRS 102 (see Note 4 on page 23). The director considers the true profitability of the Group's underlying property development activities to be £5,105,900. The Group met its financial target for the year.

#### **Principal risks and uncertainties**

The current uncertainty associated with Brexit and the potential impact of the value of our stock is the most significant risk factor for the Group. However we have taken appropriate steps to mitigate against this uncertainty by only acquiring projects with significant margins that can absorb any major price corrections.

Liquidity risk and credit risks are always factors within this industry. An unknown shock to the system resulting in major interest rate hikes will adversely affect the business. We routinely assess the possibility of major interest rate increases and in our opinion we are a few years away from any changes that may significantly affect us.

Operational risks including the failure to complete an acquisition on time, the risks associated with construction and exceeding both financial budgets, time budgets and changes to property values are factors we continually need to monitor to ensure we are ready to adapt. We have mitigated construction risk significantly with a major change in our business model by forming our own construction arm. This company will tender with other contractors to ensure we get the best possible outcome. The key risk we eliminate is exceeding the budget by having the construction expertise in house and incentivising the construction management team to hit both time and financial targets.

London house prices are reaching levels where they will be very hard for the average person to acquire. We have therefore been seeking to diversify our product range and acquired sites in Birmingham and Essex.

IPE Group (Holdings) Limited

Strategic report (continued)

For the year ended 31 March 2018

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**Key performance indicators**

Key performance indicators include:

Review of actual turnover versus budget – this highlights the performance of the sales and marketing team.

Review of anticipated construction cost versus actual – this highlights the performance of the operation and construction team.

Actual timeline of revenue generated versus budget – The longer the period to fully exit a project the greater the profit erosion due to interest cost.

Return on cost – We need to hit a specific target before we will even consider acquiring a project.

Pipeline gross development value – This provides an indication of the scale of the group and the level of planning that will be required.

Timing of practical completion – This is a critical moment as it is the official sign off of a project by building control allowing us to generate revenue.

Number of offers, exchanges and completions – This is fundamental to establish cash flow.

**Future development**

As stated above, the Group has formed its own construction arm which is a major development. The vast majority of our projects have granted construction contracts to our own construction company eliminating significant risks associated at the construction phase of a project.


The Group also formed a joint venture with a team in the Midlands which acquired a project with an estimated gross development value of £4m. We plan to invest and develop further in this region as prices are far more in tune with consumers budgets and demand has been high.

We have also been diversifying our project range into the Home Counties and Essex to mitigate the risk of with property price inflation in London. We successfully acquired our first major site in Essex.

Our current pipeline has an estimated gross development value of £175m. We therefore have a considerable pipeline of projects to work through and with the build up of profits we plan to further grow our team.

Our ultimate objective is to have a sophisticated financing structure which allows us to grow to levels whereby we can list the Group on a UK stock exchange

On behalf of the board



Mohammed Imam

Director

13/08/2019

**IPE Group (Holdings) Limited**

**Director's report**

**For the year ended 31 March 2018**

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The director presents his annual report and financial statements for the year ended 31 March 2018.

**Principal activities**

The principal activity of the company and group continued to be that of real estate development.

**Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mohammed Imam

Nadia Imam

(Resigned 31 December 2018)

Enamur Rahman

(Resigned 1 January 2018)

**Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

**Auditor**

Saffery Champness LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mohammed Imam  
Director

Date: 13/08/2019

**IPE Group (Holdings) Limited**

**Director's responsibilities statement**

**For the year ended 31 March 2018**

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The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**IPE Group (Holdings) Limited**

**Independent auditor's report**

**To the members of IPE Group (Holdings) Limited**

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**Opinion**

We have audited the financial statements of IPE Group (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.



**IPE Group (Holdings) Limited**

**Independent auditor's report (continued)**

**To the members of IPE Group (Holdings) Limited**

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**Other information**

The director is 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 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 our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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 director's report.

We have nothing to report in respect of the following matters where 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.

IPE Group (Holdings) Limited

Independent auditor's report (continued)

To the members of IPE Group (Holdings) Limited

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**Responsibilities of director**

*As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has 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.

*Saffery Champness LLP*

Simon Kite BSc FCA (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP

*13/8/19*

Chartered Accountants  
Statutory Auditors

City Tower  
Piccadilly Plaza  
Manchester  
M1 4BT

**IPE Group (Holdings) Limited**

**Group statement of comprehensive income**

**For the year ended 31 March 2018**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
<b>Turnover</b>	<b>3</b>	47,223,050	15,235,094
<b>Cost of sales</b>		(38,879,032)	(12,270,699)
<b>Gross profit</b>		8,344,018	2,964,395
Administrative expenses		(1,382,717)	(479,432)
Other operating income		116,479	-
Amortisation of goodwill	<b>4</b>	(1,729,679)	(2,028,061)
<b>Operating profit</b>	<b>5</b>	5,348,101	456,902
Interest receivable and similar income	<b>8</b>	1,006,300	3
Interest payable and similar expenses	<b>9</b>	(3,158,924)	(1,165,283)
Other gains and losses	<b>10</b>	180,744	647,701
<b>Profit/(loss) before taxation</b>		3,376,221	(60,677)
Tax on profit/(loss)	<b>11</b>	(629,192)	(336,478)
<b>Profit/(loss) for the financial year</b>	<b>21</b>	2,747,029	(397,155)
Profit/(loss) for the financial year is attributable to:			
- Owners of the parent company		1,501,528	(642,613)
- Non-controlling interests		1,245,501	245,458
		2,747,029	(397,155)
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		1,501,528	(642,613)
- Non-controlling interests		1,245,501	245,458
		2,747,029	(397,155)

IPE Group (Holdings) Limited

Group balance sheet

As at 31 March 2018

		2018		2017 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	12	1,756,098		3,485,777	
Tangible assets	13	33,183		33,183	
Investment properties	14	8,480,000		9,460,000	
Investments	15	1,131,622		107,686	
		<u>11,400,903</u>		<u>13,086,646</u>	
<b>Current assets</b>					
Stocks	18	37,170,284		56,147,551	
Debtors	19	15,646,366		7,927,306	
Cash at bank and in hand		1,138,065		360,881	
		<u>53,954,715</u>		<u>64,435,738</u>	
<b>Total assets</b>		<u>65,355,618</u>		<u>77,522,384</u>	
<b>Capital and reserves</b>					
Called up share capital	20	100,002		100,002	
Revaluation reserve	21	211,612		524,637	
Other reserves	21	870,191		870,191	
Profit and loss reserves	21	647,303		(1,167,250)	
<b>Equity attributable to owners of the parent company</b>		<u>1,829,108</u>		<u>327,580</u>	
<b>Non-controlling interests</b>		<u>1,145,483</u>		<u>(100,066)</u>	
		<u>2,974,591</u>		<u>227,514</u>	
<b>Creditors: amounts falling due within one year</b>	22	62,331,389		77,171,806	
<b>Deferred tax liability</b>	24	49,638		123,064	
<b>Total liabilities</b>		<u>65,355,618</u>		<u>77,522,384</u>	

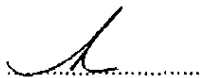
IPE Group (Holdings) Limited

Group balance sheet (continued)

As at 31 March 2018

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The financial statements were approved by the board of directors and authorised for issue on ~~13/08/2019~~ and are signed on its behalf by:



Mohammed Imam  
Director

Company Registration No. 07236168

**IPE Group (Holdings) Limited**

**Company balance sheet**

**As at 31 March 2018**

		2018		2017 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	15		5,300,562		6,492,926
<b>Current assets</b>					
Debtors	19	6,051,972		3,204,097	
Cash at bank and in hand		485,067		863	
		<u>6,537,039</u>		<u>3,204,960</u>	
<b>Total assets</b>			<u>11,837,601</u>		<u>9,697,886</u>
<b>Capital and reserves</b>					
Called up share capital	20		100,002		100,002
Profit and loss reserves	21		2,305,053		1,125,860
			<u>2,405,055</u>		<u>1,225,862</u>
<b>Creditors: amounts falling due within one year</b>	22		<u>9,432,546</u>		<u>8,472,024</u>
<b>Total liabilities</b>			<u>11,837,601</u>		<u>9,697,886</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,179,193 (2017 - £1,125,860 profit as restated).

The financial statements were approved by the board of directors and authorised for issue on 13/08/2019 and are signed on its behalf by:



Mohammed Imam  
Director

Company Registration No. 07236168

IPE Group (Holdings) Limited

Group statement of changes in equity

For the year ended 31 March 2018

	Notes	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
		£	£	£	£	£	£	£
<b>Balance at 1 April 2016</b>		2	-	870,191	-	870,193	68,835	939,028
<b>Year ended 31 March 2017:</b>								
Loss for the year		-	-	-	(642,613)	(642,613)	245,458	(397,155)
Other comprehensive income:								
Revaluation of tangible fixed assets		-	524,637	-	(524,637)	-	-	-
<b>Total comprehensive income for the year</b>		-	524,637	-	(1,167,250)	(642,613)	245,458	(397,155)
Issue of share capital	20	100,000	-	-	-	100,000	-	100,000
Dividends		-	-	-	-	-	(641,250)	(641,250)
Acquisition of non-controlling interests		-	-	-	-	-	225,985	225,985
Other movements		-	-	-	-	-	906	906
<b>Balance at 31 March 2017</b>		100,002	524,637	870,191	(1,167,250)	327,580	(100,066)	227,514

IPE Group (Holdings) Limited

Group statement of changes in equity (continued)

For the year ended 31 March 2018

	Notes	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
		£	£	£	£	£	£	£
<b>Year ended 31 March 2018:</b>								
Profit and total comprehensive income for the year		-	-	-	1,501,528	1,501,528	1,245,501	2,747,029
Revaluation of tangible fixed assets		-	(313,025)	-	313,025	-	-	-
Other movements		-	-	-	-	-	48	48
<b>Balance at 31 March 2018</b>		<b>100,002</b>	<b>211,612</b>	<b>870,191</b>	<b>647,303</b>	<b>1,829,108</b>	<b>1,145,483</b>	<b>2,974,591</b>



**IPE Group (Holdings) Limited**

**Company statement of changes in equity**

**For the year ended 31 March 2018**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 March 2017:</b>				
<b>Balance at 1 April 2016</b>		2	-	2
<b>Year ended 31 March 2017:</b>				
Profit and total comprehensive income for the year		-	1,125,860	1,125,860
Issue of share capital	20	100,000	-	100,000
<b>Balance at 31 March 2017</b>		100,002	1,125,860	1,225,862
<b>Year ended 31 March 2018:</b>				
Profit and total comprehensive income for the year		-	1,179,193	1,179,193
<b>Balance at 31 March 2018</b>		100,002	2,305,053	2,405,055

**IPE Group (Holdings) Limited**

**Group statement of cash flows**

**For the year ended 31 March 2018**

		2018	2017
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	26	12,439,849	(21,221,623)
Interest paid		(3,158,924)	(1,165,283)
Income taxes (paid)/refunded		(10,200)	84,616
<b>Net cash inflow/(outflow) from operating activities</b>		<b>9,270,725</b>	<b>(22,302,290)</b>
<b>Investing activities</b>			
Purchase of intangible assets		(5,513,838)	
Purchase of tangible fixed assets		(33,183)	
Purchase of investment property	(951,231)	(8,812,299)	
Proceeds on disposal of investment property	4,275,000	-	
Purchase of associates		(20)	
Purchase of fixed asset investments		(107,666)	
Interest received		3	
<b>Net cash generated from/(used in) investing activities</b>		<b>3,323,769</b>	<b>(14,467,003)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		100,000	
(Repayment of) / Proceeds from new bank loans	(11,897,297)	36,936,617	
Payment of finance leases obligations	5,098	37,798	
Dividends paid to non-controlling interests	(44,370)	-	
<b>Net cash (used in)/generated from financing activities</b>		<b>(11,936,569)</b>	<b>37,074,415</b>
<b>Net increase in cash and cash equivalents</b>		<b>657,925</b>	<b>305,122</b>
Cash and cash equivalents at beginning of year		305,122	-
<b>Cash and cash equivalents at end of year</b>		<b>963,047</b>	<b>305,122</b>
<b>Relating to:</b>			
Cash at bank and in hand		1,138,065	360,881
Bank overdrafts included in creditors payable within one year		(175,018)	(55,759)

**IPE Group (Holdings) Limited**

**Notes to the financial statements**

**For the year ended 31 March 2018**

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**1 Accounting policies**

**Company information**

IPE Group (Holdings) Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is 4th Floor, 73 New Bond Street, London, W1S 1RS.

The group consists of IPE Group (Holdings) Limited and all of its subsidiaries.

**1.1 Accounting convention**

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- 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' and 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 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

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**1 Accounting policies (continued)**

**1.2 Basis of consolidation**

In the parent company financial statements, 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 costs directly attributable to the business combination. 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. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The group financial statements incorporate those of IPE Group (Holdings) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

**1.3 Going concern**

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

**1 Accounting policies (continued)**

**1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for the sale of property provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of property is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on completion), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.5 Intangible fixed assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is either 1 or 3 years depending on the subsidiary.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Motor vehicles	25% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

**1.7 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

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**1 Accounting policies (continued)**

**1.8 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

**1.9 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

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**1 Accounting policies (continued)**

**1.10 Stocks**

Work in progress is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the property to their present condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.11 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.12 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 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**1 Accounting policies (continued)**

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified 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.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

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IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

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1 Accounting policies (continued)

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the

The government has announced that the main rate of Corporation Tax from 1 April 2017 until 31 March 2020 will be set at 19%. The government has also announced that from 1 April 2020 the rate will be 17%. The rate changes will impact the amount of future cash tax payments made by the company and will be reflected in the company's financial statements.

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

**2 Critical accounting judgements and key sources of estimation uncertainty**

*In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Valuation of investment properties**

Investment properties are valued by the directors using their knowledge of the industry, comparable property values, and mortgage valuations.

**3 Turnover and other revenue**

	2018	2017
	£	as restated £
Turnover analysed by class of business		
Turnover	47,223,050	15,235,094

	2018	2017
	£	£
Other significant revenue		
Interest income	-	3

**4 Amortisation of goodwill**

	2018	2017
	£	£
Amortisation of goodwill	1,729,679	2,028,061

The goodwill arising on the acquisition of Aberfeldy Street Limited, Bemish Road Limited, Rotherhithe New Limited and North End Limited on 4 July 2016 has been written off over a period of 12 months as this was the expected remaining life of the projects over which the profits will be realised. At 31 March 2018 all goodwill has been amortised.

The goodwill arising on the acquisition of Walworth Road Limited on 4 July 2016 is being written off over a period of 36 months as this was the expected remaining life of the project over which the profits will be realised.

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

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5 Operating profit

	2018	2017
		as restated
	£	£
Operating profit for the year is stated after charging:		
Amortisation of intangible assets	<u>1,729,679</u>	<u>2,028,061</u>

6 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>24,000</u>	<u>-</u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was 0 (2017: 0).

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	-	3
Income from fixed asset investments		
Income from participating interests - associates	<u>1,006,300</u>	<u>-</u>
Total income	<u>1,006,300</u>	<u>3</u>

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

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9 Interest payable and similar expenses

	2018	2017
		as restated
	£	£
Interest on bank overdrafts and loans	3,158,924	1,165,283

10 Other gains and losses

	2018	2017
	£	£
Changes in the fair value of investment properties	180,744	647,701

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

11 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	702,618	336,478
<b>Deferred tax</b>		
Origination and reversal of timing differences	(73,426)	-
<b>Total tax charge</b>	<u>629,192</u>	<u>336,478</u>

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit/(loss) before taxation	<u>3,376,221</u>	<u>(60,677)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	641,482	(11,529)
Tax effect of expenses that are not deductible in determining taxable profit	3,058	-
Tax effect of income not taxable in determining taxable profit	(228,692)	-
Unutilised tax losses carried forward	-	22,236
Change in unrecognised deferred tax assets	(73,426)	-
Amortisation on assets not qualifying for tax allowances	328,639	385,332
Permanent unutilised losses	(39,662)	-
Other timing differences	(2,207)	(59,561)
<b>Taxation charge</b>	<u>629,192</u>	<u>336,478</u>

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

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12 Intangible fixed assets

Group	Goodwill £
<b>Cost (as restated)</b>	
At 1 April 2017 and 31 March 2018	5,513,838
<b>Amortisation and impairment (as restated)</b>	
At 1 April 2017	2,028,061
Amortisation charged for the year	1,729,679
At 31 March 2018	3,757,740
<b>Carrying amount</b>	
At 31 March 2018	1,756,098
At 31 March 2017 (as restated)	3,485,777

The company had no intangible fixed assets at 31 March 2018 or 31 March 2017.

13 Tangible fixed assets

Group	Motor vehicles £
<b>Cost (as restated)</b>	
At 1 April 2017 and 31 March 2018	44,243
<b>Depreciation and impairment</b>	
At 1 April 2017 and 31 March 2018	11,060
<b>Carrying amount</b>	
At 31 March 2018	33,183
At 31 March 2017 (as restated)	33,183

The company had no tangible fixed assets at 31 March 2018 or 31 March 2017.

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

14 Investment property

	Group 2018 £	Company 2018 £
<b>Fair value</b>		
At 1 April 2017 (as restated)	9,460,000	-
Additions through external acquisition	1,445,000	-
Transfers from inventories	1,850,000	-
Disposals	(4,275,000)	-
At 31 March 2018	<u>8,480,000</u>	<u>-</u>

Investment property comprises freehold land and buildings. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 March 2018 by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

15 Fixed asset investments

		Group 2018 £	2017 £	Company 2018 £	2017 as restated £
	Notes				
Investments in subsidiaries	16	-	-	5,175,240	6,385,260
Investments in associates		1,006,320	20	20	-
Unlisted investments		125,302	107,666	125,302	107,666
		<u>1,131,622</u>	<u>107,686</u>	<u>5,300,562</u>	<u>6,492,926</u>

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

15 Fixed asset investments (continued)

Movements in fixed asset investments  
Group

	Shares in group undertakings and participating interests	Unlisted investments	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2017	20	107,666	107,686
Increase in share of associate reserves	1,006,300	-	1,006,300
Valuation changes	-	17,636	17,636
At 31 March 2018	1,006,320	125,302	1,131,622
<b>Carrying amount</b>			
At 31 March 2018	1,006,320	125,302	1,131,622
At 31 March 2017	20	107,666	107,686



IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

15 Fixed asset investments (continued)

Movements in fixed asset investments  
Company

	Shares in group undertakings and participating interests	Unlisted investments	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2017	8,206,260	107,666	8,313,926
Additions	-	17,636	17,636
At 31 March 2018	8,206,260	125,302	8,331,562
<b>Impairment</b>			
At 1 April 2017 (as restated)	1,821,000	-	1,821,000
Impairment losses	1,210,000	-	1,210,000
At 31 March 2018	3,031,000	-	3,031,000
<b>Carrying amount</b>			
At 31 March 2018	5,175,260	125,302	5,300,562
At 31 March (as restated)	6,385,260	107,666	6,492,926

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
IPE Capital Limited	1	Property development and management	Ordinary shares	100.00	
Paul Bow Limited	1	Property development and management	Ordinary shares	100.00	
Kendal Asset Limited	1	Property development and management	Ordinary shares	100.00	
Roman Road Apartments Limited	1	Property development and management	Ordinary shares	75.00	
AI Ventures Limited	1	Property development and management	Ordinary shares	100.00	

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

**16 Subsidiaries (continued)**

Vallance Estates Ltd	2	Property development and management	Ordinary shares	100.00
IPE Property Assets Limited	1	Property development and management	Ordinary shares	100.00
Fairfield Bow Limited	1	Property development and management	Ordinary shares	50.00
Bluecroft - IPE Jubilee Limited	1	Property development and management	Ordinary shares	64.50
Bluecroft IPE Morville Limited	1	Property development and management	Ordinary shares	67.50
AI (UK) Capital Ltd	1	Property development and management	Ordinary shares	50.00
IPE Developments Management Limited	1	Property development and management	Ordinary shares	50.00
AI Capital Investment Ltd	1	Property development and management	Ordinary shares	50.00
Aberfeldy Street Limited	3	Property development and management	Ordinary shares	100.00
Rotherhithe New Limited	3	Property development and management	Ordinary shares	100.00
Bemish Road Limited	3	Property development and management	Ordinary shares	74.50
North End Ariana Limited	3	Property development and management	Ordinary shares	75.00
Walworth Road Limited	3	Property development and management	Ordinary shares	50.00
IPE Freeholds Limited	1	Property development and management	Ordinary shares	100.00
IPE Tanner Street Limited	1	Property development and management	Ordinary shares	100.00
IPE Wood Street Limited	1	Property development and management	Ordinary shares	100.00
IPE Squirries Street Limited	4	Property development and management	Ordinary shares	60.00
IPE Clifford Road Limited	1	Property development and management	Ordinary shares	60.00
IPE Nightingale Limited	1	Property development and management	Ordinary shares	75.00
IPE Orchestra Land Limited	2	Property development and management	Ordinary shares	80.00
Stepney Way Properties Limited	1	Property development and management	Ordinary shares	20.00
Bluecroft IPE Crystal Palace Limited	1	Dormant	Ordinary shares	70.00

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

**16 Subsidiaries (continued)**

Church Path Properties Limited	1	Dormant	Ordinary shares	100.00
IPE 32 Bemish Road Limited	1	Dormant	Ordinary shares	100.00
IPE Bemish Road	1	Dormant	Ordinary shares	100.00
IPE Bickley Road Limited	1	Dormant	Ordinary shares	100.00
IPE Construction Limited	1	Dormant	Ordinary shares	95.00
IPE Hanwell Limited	1	Dormant	Ordinary shares	100.00
IPE RJ (UK) Investment Limited	1	Dormant	Ordinary shares	60.00
IPE SMAM Jubilee Limited	1	Dormant	Ordinary shares	100.00
IPE SMAM Morville Limited	1	Dormant	Ordinary shares	100.00
Heath Holdings Ltd	3	Property development and management	Ordinary shares	13.06

1. 4th Floor, 73 New Bond Street, London, England, W1S 1RS

2. Black Sea House, 72 Wilson Street, London, England, EC2A 2DH

3. Nerine House, PO Box 434, St Georges Place, St Peter Port, Guernsey, GY1 3ZG, Channel Islands

4. 72 Wilson Street, London, United Kingdom, EC2A 2DH

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

17 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	15,646,366	7,927,306	n/a	n/a
Equity instruments measured at cost less impairment	125,302	107,666	n/a	n/a
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	61,149,047	76,735,779	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

18 Stocks

	Group 2018 £	2017 as restated £	Company 2018 £	2017 £
Work in progress	37,170,284	56,147,551	-	-

19 Debtors

	Group 2018 £	2017 as restated £	Company 2018 £	2017 as restated £
<b>Amounts falling due within one year:</b>				
Trade debtors	461,488	58,936	-	-
Amounts owed by group undertakings	-	-	6,025,407	3,056,845
Amounts owed by undertakings in which the company has a participating interest	-	145,264	-	145,264
Other debtors	15,184,878	7,723,106	26,565	1,988
	15,646,366	7,927,306	6,051,972	3,204,097

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

20 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
100,002 (2017: 100,002) Ordinary shares of £1 each	100,002	100,002

21 Reserves

Revaluation reserve

The revaluation reserve represents the gain on revaluations from properties.

Other reserves

The other reserve is a merger reserve used for previous acquisitions under the merger method of accounting.

Profit and loss reserves

Profit and loss reserves represent accumulated income for the year and prior periods less dividends paid.

22 Creditors: amounts falling due within one year

	Notes	Group	2017	Company	2017
		2018	as restated	2018	
		£	£	£	£
Bank loans and overdrafts	23	25,214,338	36,992,376	-	-
Obligations under finance leases		42,848	37,798	-	-
Trade creditors		865,924	1,013,363	23,356	7,500
Amounts owed to group		-	-	-	50
Corporation tax payable		1,040,086	421,094	100	100
Other taxation and social security		142,256	14,933	-	-
Other creditors		35,025,937	38,692,242	9,409,090	8,464,374
		<u>62,331,389</u>	<u>77,171,806</u>	<u>9,432,546</u>	<u>8,472,024</u>

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

**22 Creditors: amounts falling due within one year (continued)**

Jordan International Bank PLC has a fixed charge over IPE Group (Holdings) Limited and a fixed and floating charge over PE Wood Street Limited dated 24 January 2018.

Zorin Finance Limited and P2P Global Investments PLC have a fixed and floating charge over Roman Road Apartments Limited dated 23 December 2016 and IPE Tanner Street Limited dated 13 December 2017.

Lendinvest Security Trustees Limited has a fixed and floating charge over Fairfield Bow Limited dated 5 February 2018, Paul Bow Limited dated 13 November 2017, Kendal Asset Limited dated 23 October 2017, Vallance Estates Limited dated 29 March 2018.

Heritable Development Finance Limited has a fixed and floating charge over Bluecroft IPE Morville Limited dated 18 November 2016 and a floating charge over the assets of Bluecroft IPE Jubilee Limited dated 25 May 2016.

Commercial Acceptances Limited has a fixed and floating charge over AI Ventures Limited dated 4 December 2017.

CPB Residential Finance Limited has a fixed and floating charge over Vallance Estates Limited dated 19 November 2015.

Metro Bank PLC has a fixed and floating charge over IPE Property Assets Limited dated 26 October 2017.

Close Brothers Limited has a fixed and floating charge over IPE Squirries Street Limited dated 19 September 2017.

Fitzrovia Finance Security Limited has a fixed and floating charge over IPE Nightingale Limited dated 22 February 2018.

**23 Loans and overdrafts**

	Group 2018	2017 as restated	Company 2018	2017
	£	£	£	£
Bank loans	25,039,320	36,936,617	-	-
Bank overdrafts	175,018	55,759	-	-
	<u>25,214,338</u>	<u>36,992,376</u>	<u>-</u>	<u>-</u>
Payable within one year	<u>25,214,338</u>	<u>36,992,376</u>	<u>-</u>	<u>-</u>

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

**24 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
<b>Group</b>		
Accelerated capital allowances	49,638	123,064

The company has no deferred tax assets or liabilities.

	Group 2018 £	Company 2018 £
<b>Movements in the year:</b>		
Liability at 1 April 2017	123,064	-
Credit to profit or loss	(73,426)	-
Liability at 31 March 2018	49,638	-

The deferred tax liability set out above is not expected to reverse within 12 months and relates to timing differences on revaluations.

**25 Related party transactions**

**Transactions with related parties**

During the year the group entered into the following transactions with related parties:

	Sales 2018 £	2017 £	Purchases 2018 £	2017 £
<b>Group</b>				
Entities over which the group has control, joint control or significant influence	1,035,000	-	48,600	-

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

25 Related party transactions (continued)

		Acquisition of subsidiaries	
		2018	2017
		£	£
<b>Group</b>			
Other related parties		-	8,106,000
		<u>-</u>	<u>8,106,000</u>
<b>Company</b>			
Other related parties		-	8,106,000
		<u>-</u>	<u>8,106,000</u>

		Debtors balance in the year:		Creditors balance in the year:	
		2018	2017	2018	2017
		£	£	£	£
<b>Group</b>					
Entities over which the entity has control, joint control or significant influence		407,652	-	-	-
Other related parties		1,580,895	1,043,269	17,640,651	13,360,942
		<u>1,580,895</u>	<u>1,043,269</u>	<u>17,640,651</u>	<u>13,360,942</u>
<b>Company</b>					
Entities over which the entity has control, joint control or significant influence		219,356	-	1,976,869	-
Other related parties		40,675	125,675	8,359,312	8,106,000
		<u>40,675</u>	<u>125,675</u>	<u>8,359,312</u>	<u>8,106,000</u>



IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

26 Cash generated from group operations

	2018 £	2017 £
Profit/(loss) for the year after tax	2,747,029	(397,155)
Adjustments for:		
Taxation charged	629,192	336,478
Finance costs	3,158,924	1,165,283
Investment income	(1,006,300)	(3)
Fair value gains and losses on investment properties	(180,744)	(647,701)
Amortisation and impairment of intangible assets	1,729,679	2,028,061
Revaluation reserve	(313,025)	524,637
(Decrease)/increase in provisions	(73,426)	123,064
Movements in working capital:		
Decrease/(increase) in stocks	17,127,267	(56,147,551)
(Increase) in debtors	(7,719,060)	(7,927,306)
(Decrease)/increase in creditors	(3,659,687)	39,720,570
<b>Cash generated from/(absorbed by) operations</b>	<b>12,439,849</b>	<b>(21,221,623)</b>

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

27 Prior period adjustment

Saffery Champness LLP were appointed as group auditors on 19 October 2018 and this is the first time that the group's accounting records have been subject to a statutory audit. As a result of reviewing the accounting records with the auditors, the director identified a number of adjustments to be processed, as set out in this note.

Changes to the balance sheet - group

	At 31 March 2017		
	As previously reported	Adjustment	As restated
	£	£	£
<b>Fixed assets</b>			
Goodwill	-	3,485,777	3,485,777
Tangible assets	3,965,252	(3,932,069)	33,183
Investment properties	8,910,000	550,000	9,460,000
Investments	107,687	(1)	107,686
<b>Current assets</b>			
Stocks	53,029,986	3,117,565	56,147,551
Debtors due within one year	21,598,031	(13,670,725)	7,927,306
Bank and cash	361,744	(863)	360,881
<b>Creditors due within one year</b>			
Loans and overdrafts	(24,624,140)	(12,368,236)	(36,992,376)
Other creditors	(42,468,628)	(83,336)	(42,551,964)
<b>Creditors due after one year</b>			
Bank loans	(9,613,565)	9,613,565	-
Other creditors	(8,426,743)	8,426,743	-
Deferred tax	(123,064)	-	(123,064)
Net assets	2,716,560	(2,489,046)	227,514
<b>Capital and reserves</b>			
Called up share capital	100,002	-	100,002
Revaluation reserve	-	524,637	524,637
Merger reserve	563,818	306,373	870,191
Non-controlling interest	802,417	(902,483)	(100,066)
Profit and loss	1,250,323	(2,417,573)	(1,167,250)
Total equity	2,716,560	(2,489,046)	227,514

IPE Group (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

27 Prior period adjustment (continued)

Changes to the profit and loss account - group

	Period ended 31 March 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Turnover	15,129,576	105,518	15,235,094
Cost of sales	(12,727,599)	456,900	(12,270,699)
Administrative expenses	(268,722)	(210,710)	(479,432)
Gain from changes in fair value	647,701	-	647,701
Exceptional items	-	(2,028,061)	(2,028,061)
Interest receivable and similar income	3	-	3
Interest payable and similar expenses	(674,167)	(491,116)	(1,165,283)
Taxation	(336,378)	(100)	(336,478)
Profit/(loss) for the financial period	<u>1,770,414</u>	<u>(2,167,569)</u>	<u>(397,155)</u>

Reconciliation of changes in equity - group

	Notes	1 April 2016	31 March 2017
		£	£
Equity as previously reported		-	2,716,560
Adjustments to prior year			
Amortisation of goodwill	1	-	(2,028,061)
Walworth Road Limited adjustments	2	-	(951,231)
Work in progress	3	-	681,496
Merger accounting	4	-	-
Minority interest dividends	5	-	(191,250)
Equity as adjusted		<u>-</u>	<u>227,514</u>

	Notes	2017 £
Profit as previously reported		1,770,414
Adjustments to prior year		
Amortisation of goodwill	1	(2,028,061)
Walworth Road Limited Adjustments	2	(549,264)
Work in progress	3	477,530

**IPE Group (Holdings) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2018**

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**27 Prior period adjustment (continued)**

Merger accounting	4	(67,774)
Minority interest dividends	5	-
		<hr/>
Loss as adjusted		(397,155)
		<hr/>

**Notes to reconciliation**

**Goodwill**

On the acquisition of a number of subsidiaries, the £5,513,838 of goodwill arising on consolidation was incorrectly allocated to work in progress. On restatement, the goodwill has been amortised over its expected useful life in line with the accounting policy resulting in an amortisation charge of £2,028,061 (see Note 12 - page 27).

**Investment properties**

Prior year adjustments have been identified in the financial statements of Walworth Road Limited resulting in increased administration and interest costs of £549,264. The work in progress and bank loan were also found to be misstated resulting in a prior year adjustment of £951,231 which impacted the retained earning on acquisition by £401,967.

**Work in progress**

Work in progress of £477,631 has been incorrectly written off and also understated by £203,967 on an acquisition. There was also work in progress of £3,932,069 incorrectly classified as property, plant and equipment.

**Other debtors and creditors**

The merger accounting was misstated resulting in a prior year adjustment to profit and loss of £67,774.

**Revaluation reserve**

The minority interest element of a dividend was incorrectly allocated resulting in a misstatement of £191,250.

Other prior year adjustments include:

The revaluation reserve of £524,637 has been split out of retained earnings.

Investment property of £550,000 has been reclassified from other debtors to investment property.

Work in progress of £4,770,964 has been reclassified from other debtors to stock.

Other debtors and other creditors were each overstated by £8,612,589.

Following the above adjustments, minority interest was reduced by £274,631.

The company has impaired its investments as at 31 March 2017 by £1,821,000.