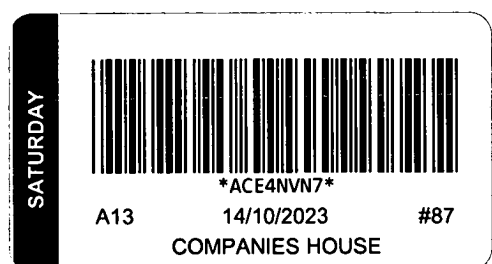


Company registration number 01864755 (England and Wales)

**K&C (OSPREY) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**



# K&C (OSPREY) LIMITED

## COMPANY INFORMATION

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**Directors**

R J Naylor  
R J Boon  
C D James  
D A White

**Company number**

01864755

**Registered office**

Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

**Auditor**

Grant Thornton Limited  
St James Place  
St James Street  
St Peter Port  
Guernsey C.I.  
GY1 2NZ

**Solicitors**

Blake Morgan LLP  
6 New Street Square  
London  
EC4A 3DJ

Bryan Cave Leighton Paisner LLP  
Governor's House  
5 Laurence Pountney Hill  
London  
EC4R 0BR

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# **K&C (OSPREY) LIMITED**

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# **K&C (OSPREY) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2023**

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The directors present their annual report and financial statements for the year ended 30 June 2023.

### **Principal activities**

The principal activity of the Company in the year under review was that of maintaining a property portfolio.

### **Going concern**

The directors have adopted the going concern basis in preparing the financial statements. This is further explained in the notes to the financial statements.

### **Results and dividends**

The directors do not recommend payment of dividend for the year (2022 - £nil).

### **Directors**

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

R J Naylor  
R J Boon  
C D James  
D A White

### **Risk Management**

In the normal course of the business, the Company is exposed to a variety of financial risks that have the potential to have material effect on the Company's financial performance.

The Company's overall risk-management programme seeks to minimise the potentially adverse effect of risk on the Company's financial performance in a manner consistent with the Company's investment objective. The principal categories of risk identified by the Board are credit, liquidity and market risks. The Company's financial risk management and mitigation policies are set out in the notes to the financial statements.

### **Post reporting date events**

There are no balance sheet events to disclose for the Company.

### **Auditor**

In accordance with the Company's articles, a resolution proposing that Grant Thornton Limited be reappointed as auditor of the Company will be put at a General Meeting.

# K&C (OSPREY) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2023**

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standard have been followed subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless they either intend to liquidate the Company, cease operations or have no realistic alternative but to do so.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement as to disclosure of information to the auditor

Each director in office at the date of approval of this annual report confirms that:

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

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

### Small company provision

In preparing this report, the directors have taken advantage of the small companies exemption in Part 15 of the Companies Act 2006.

On behalf of the board



R J Naylor  
Director

3 October 2023

# **K&C (OSPREY) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF K&C (OSPREY) LIMITED**

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### **Opinion**

We have audited the financial statements of K&C (Osprey) Limited (the 'Company') for the year ended 30 June 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 UK Adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Adopted International Accounting Standards; 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the 12-month going concern assessment performed by management, including the assumptions and sensitivities prepared by management;
- Challenging the appropriateness of management's forecasts by:
  - checking the mathematical accuracy of the cash flow forecast;
  - assessing the key assumptions used in the going concern assessment based on our knowledge of the Company and the current economic climate; and
  - assessing whether management has taken into account the principal and emerging risks noted in the annual report.
- We determined whether there is a material uncertainty which casts significant doubt over the ability of the Company to continue as a going concern; and
- We assessed the disclosures in the financial statements relating to going concern, to ensure they were in compliance with IAS 1.

# **K&C (OSPREY) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF K&C (OSPREY) LIMITED**

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### **Conclusions relating to going concern (continued)**

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

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

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

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by the law are not made; or
- we have not received all the information and explanations we require for our audit.

# **K&C (OSPREY) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF K&C (OSPREY) LIMITED**

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### **Responsibilities of directors for the financial statements**

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006, and the Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those legal and regulatory frameworks by making inquiries to management including those responsible for compliance procedures. We corroborated our inquiries through our review of board meetings, review of compliance reports, review of correspondence with the regulator and review of key regulatory requirements. We identified areas of the above laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to transactions with valuation of investment properties and revenue transactions.



# K&C (OSPREY) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF K&C (OSPREY) LIMITED

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### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operation, including the nature of its revenue sources and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions; and
  - the entity's control environment.

### Our audit procedures involved:

- identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process; and
  - identifying and testing journal entries, in particular any journal entries in respect of valuation of investment properties.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations from events and transactions reflected in the financial statements, the less likely we would become aware of it.
  - We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
  - The Engagement Leader assessed the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement teams:
    - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
    - Knowledge of industry in which the client operates; and
    - Understanding of the legal and regulatory requirements specific to the regulated entity including the provisions of the Companies Act 2006 and Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

 Grant Thornton Limited

Jeremy Ellis (Senior Statutory Auditor)

For and on behalf of Grant Thornton Limited

Statutory Auditor, Chartered Accountants

St Peter Port, Guernsey

4 October 2023

# K&C (OSPREY) LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Revenue	4	559,422	531,807
<b>Gross profit</b>		559,422	531,807
Administrative expenses		(359,249)	(383,638)
Refurbishment of investment properties	7	(32,813)	(66,649)
Revaluation of investment properties		787,500	13,300
<b>Operating profit</b>	7	954,860	94,820
Finance income	5	922	21
Finance costs	8	(151,551)	(108,786)
<b>Profit/(loss) before taxation</b>		804,231	(13,945)
Income tax expense	9	-	-
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		804,231	(13,945)

### Other comprehensive income

There is no other comprehensive income and accordingly no statement of other comprehensive income is issued.

The income statement has been prepared on the basis that all operations are continuing operations.

# K&C (OSPREY) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 £	2022 £
<b>Non-current assets</b>			
Investment property	11	7,930,300	6,855,300
<b>Current assets</b>			
Trade and other receivables	13	40,404	74,505
Cash and cash equivalents	14	61,760	83,956
		102,164	158,461
<b>Total assets</b>		8,032,464	7,013,761
<b>Current liabilities</b>			
Trade and other payables	16	817,549	603,077
<b>Net current liabilities</b>		(715,385)	(444,616)
<b>Non-current liabilities</b>			
Borrowings	15	2,375,000	2,375,000
<b>Total liabilities</b>		3,192,549	2,978,077
<b>Net assets</b>		4,839,915	4,035,684
<b>Equity</b>			
Called up share capital	17	60,000	60,000
Retained earnings		4,779,915	3,975,684
<b>Total equity</b>		4,839,915	4,035,684

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board of directors and authorised for issue on 3 October 2023 and are signed on its behalf by:

  
R J Naylor  
Director

Company Registration No. 01864755

# K&C (OSPREY) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Share capital £	Retained earnings £	Total £
Balance at 1 July 2021	60,000	3,989,629	4,049,629
Year ended 30 June 2022:			
Total comprehensive loss for the year	-	(13,945)	(13,945)
Balance at 30 June 2022	60,000	3,975,684	4,035,684
Year ended 30 June 2023:			
Total comprehensive income for the year	-	804,231	804,231
Balance at 30 June 2023	60,000	4,779,915	4,839,915

# K&C (OSPREY) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	22		195,261		70,718
Interest paid	8		(151,551)		(108,786)
<b>Net cash generated from/(used in) operating activities</b>			43,710		(38,068)
<b>Cash flows from investing activities</b>					
Purchase of investment property		(287,500)		(285,000)	
Proceeds from/(repayment of) loan with parent company		220,785		(393,146)	
Loans from fellow group undertakings		(113)		5,630	
Interest received		922		21	
<b>Net cash used in investing activities</b>			(65,906)		(672,495)
<b>Cash flows from financing activities</b>					
Proceeds from new bank loans		-		2,375,000	
Repayment of bank loans		-		(1,586,188)	
<b>Net cash (used in)/generated from financing activities</b>			-		788,812
<b>Net (decrease)/increase in cash and cash equivalents</b>			(22,196)		78,249
Cash and cash equivalents at beginning of year			83,956		5,707
Cash and cash equivalents at end of year			61,760		83,956

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2023**

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### **1 Accounting policies**

#### **Company information**

K&C (Osprey) Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the company information page.

### **1.1 Accounting convention**

#### **Statement of compliance**

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

#### **Functional and presentation currency**

The financial statements are presented in Pounds Sterling ("GBP"), which is the Company's functional and presentational currency.

#### **Basis of preparation**

These financial statements have been prepared on the historical cost basis with the exception of investment properties that are held at fair value.

### **1.2 Going concern**

The financial statements have been prepared on a going concern basis. This requires the directors to consider, as at the date of approving the financial statements, that there is reasonable expectation that the Company has adequate financial resources to continue to operate, and to meet its liabilities as they fall due for payment, for at least twelve months following the approval of the financial statements.

The Company has undertaken procedures to ensure that the Company has sufficient cash resources and bank facilities and sufficient covenant margin. These procedures included the following:

- Reviewing and establishing that cash balances and bank facilities are sufficient to cover at least twelve months of operations;
- Review of financial covenant ratios and the Company's ability to meet the covenants for a period of at least twelve months of operation; and
- Reviewing cash flow forecast scenarios. Any decision on property acquisitions and developments in the next twelve months will be taken following review of revised cash flow forecasts.

The parent company has provided an undertaking to the Company that no intra-group amounts owed to the parent will be called for repayment for a period of at least 12 months from the date of approval of these financial statements unless the Company is in a position to make payments without adversely affecting their ability to continue to trade and settle any future obligations.

Having reviewed the Company's current position and cash flow projections, including the confirmation from the Company's parent, as detailed above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing these financial statements.

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies (Continued)

#### 1.3 Revenue

Revenue of the Company for the year was derived mainly from its principal activity, being the letting to third parties of, and management of, property assets owned by the Company. This income includes rental income, management fees and sales commissions.

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services net of discounts, VAT and other sales-related taxes. The Company concludes that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer. Contracts with customers do not contain a financing component or any element of variable consideration.

In accordance with IFRS 16, rental income is recognised periodically in line with the time for which the property is rented. Rental income received in advance is recognised in deferred income.

Management fees derived from the management of property assets owned by third parties is recognised at the services are provided.

Revenue from sales commissions is recognised at the point in time when control of the asset is transferred to the customer.

Revenue derived from management fees and sales commissions are recognised in accordance with the 5 step approach in IFRS 15.

Included within other income, in Note 4, is leasehold extension income. Leasehold extension income is recognised when the benefit of the change in lease terms is received by the leaseholder.

#### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	5% and 25% on cost
Computers	25% on cost

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 income statement.

#### 1.5 Investment properties

Investment properties comprise properties owned by the Company which are held for capital appreciation, rental income or both. Investment properties are initially measured at cost, including expenditure that is directly attributable to the acquisition of the asset. Investment properties are revalued on acquisition by independent external valuers and then by the directors or independent valuers annually thereafter. Acquisitions and disposals are recognised on completion. Any gain or loss arising from a change in fair value is recognised in the Income Statement.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies (Continued)

#### 1.6 Finance costs

Finance costs comprise interest expense on borrowings.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and balances with banking institutions.

#### 1.8 Financial assets

##### **Recognition and derecognition**

Financial assets are recognised initially on the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Classification and initial recognition of financial assets**

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at amortised cost.

Financial assets are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- The entity's business model for managing the asset
- The contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in the Income Statement are presented within finance costs, finance income or other finance items, except for impairment of trade receivables which is presented within administrative expenses.

##### **Subsequent measurement of financial assets**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where its effect is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category.

Financial assets which are designated as FVTPL are measured at fair value with gains or losses recognised in the Income Statement. The fair values of financial assets in this category are determined with reference to active market transactions or using a valuation technique where no active market exists.

The Company does not have any financial assets which are designated as FVTPL or FVOCI.



# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies (Continued)

#### ***Impairment of financial assets***

IFRS 9's impairment requirements use forward looking information to recognise expected credit losses - the "expected credit loss (ECL) method". Recognition of credit losses is no longer dependent on first identifying a credit loss event, but considers a broader range of information in assessing credit risk and credit losses including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

### 1.9 Financial liabilities

Financial liabilities are recognised initially on the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities are recognised initially at fair value adjusted for directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

'Other financial liabilities' comprise trade and other payables and other short-term monetary liabilities.

Bank and other borrowings are initially recognised at the fair value of the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

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 Company after deducting all of its liabilities.

### 1.10 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Ordinary shares have full voting and dividend rights. See note 17 for further details.

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

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#### 1 Accounting policies (Continued)

##### 1.11 Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in the Income Statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. As a member of a REIT group, the Company is generally not liable to corporation tax.

Deferred tax would be recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### 1.12 Employee benefits

The Company operates a defined contribution pension plan for certain employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions payable to the defined contribution pension plan are recognised as an employee benefit expense in the statement of comprehensive income in the period during which services are rendered by employees.

##### 1.13 Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in the Income Statement on a straight-line basis over the lease term.

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

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#### 2 Adoption of new and revised standards and changes in accounting policies

The following accounting pronouncements and standards became effective from 1 January 2022 and have been adopted but did not have a significant impact on the Company's financial results or position:

- Amendments to IAS 16: Property, plant and equipment: Proceeds before intended use
- Amendments to IFRS 3: Reference to the conceptual framework
- Annual improvements to IFRS Standards 2018-20
- Amendments to IAS 37: Onerous Contracts – cost of fulfilling a contract

#### Standards which are in issue but not yet effective

As at 30 June 2023, the Company has not applied the following new and revised standards that have been issued but are not effective until accounting periods beginning on or after 1 January 2023 or 1 January 2024:

- Amendments to IAS 8, Definition of Accounting Estimates
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendments to IAS 12: Deferred Tax Related to Asset and Liabilities arising from a Single Transaction
- Amendments to IFRS 16 – Leases on sale and leaseback
- Amendments to IAS 1 – Non-current liabilities with covenants
- Amendments to IAS 1 – Classification of liabilities as current or non-current

The directors do not anticipate that the adoption of the above amendments will have a significant impact on the financial statements of the Company in future periods.

#### 3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future years affected.

Information about critical estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

##### ***Investment properties and the determination of their value***

The Company's investment properties are valued, on the basis of market value. The fair value of investment properties is based either on independent professional valuations in accordance with the Royal Institution of Chartered Surveyors' Valuation - Global Standards, 2020 (Red Book) or by the directors, based on market prices for similar items. The Company's investment properties were valued at 30 June 2023 at £7,930,300. See note 11 for further details.

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 4 Revenue

The Company is involved in the UK property ownership, management and letting and is considered to operate in a single geographical and business segment.

The total revenue of the Company for the year was derived from its principal activities, being the letting to third parties of, and management of, property assets owned by the Company, and, in certain cases, the management of property assets owned by third parties.

The Company's investment properties consist of residential housing for the private rented sector and therefore has multiple tenants and as a result does not have any significant customers.

	2023 £	2022 £
<b>Revenue analysed by class of business</b>		
Management fees	109,105	89,800
Resale commission	93,253	107,055
Ground rents	12,974	13,314
Other income	109,196	142,125
Rental income	234,894	179,513
	<u>559,422</u>	<u>531,807</u>

### 5 Finance income

	2023 £	2022 £
<b>Interest income</b>		
Bank interest	922	21
	<u>922</u>	<u>21</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

2023 Number	2022 Number
6	6
<u>6</u>	<u>6</u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	89,011	74,734
Social security costs	9,777	9,024
Pension costs	3,583	5,420
	<u>102,371</u>	<u>89,178</u>

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 6 Employees (Continued)

Directors' remuneration is borne by the parent company. The directors are considered to be key management personnel.

### 7 Operating profit

	2023 £	2022 £
Operating profit is stated after charging/(crediting):		
Other operating leases	13,140	13,365
Pension costs	3,583	5,420
Depreciation of property, plant and equipment	-	5,008

In the 2022 and 2023 financial years, auditors' remuneration is borne by the parent company.

#### **Refurbishment of investment properties**

During the year, the Company continued with substantial refurbishment work to investment properties owned at Heathside. The costs incurred in the 2023 financial year amounted to £32,813 (2022: £66,649). It is considered that the size and nature of these costs are such that they should be disclosed on the face of the Income Statement.

### 8 Finance costs

	2023 £	2022 £
Interest on bank overdrafts and loans	151,551	108,786

### 9 Taxation

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2023 (2022 - £nil).

#### **Factors affecting the tax expense**

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £	2022 £
Profit/(loss) before taxation	804,231	(13,945)
Expected tax charge/(credit) based on a corporation tax rate of 25.00% (2022: 19.00%)	201,058	(2,649)
Effects of:		
Income and expenses not taxable	(201,058)	2,649
<b>Taxation charge for the year</b>	-	-

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 9 Taxation (Continued)

The Company is a member of a group which re-entered the REIT regime on 6 August 2019 and has remained under the REIT regime since that date.

### 10 Property, plant and equipment

	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>			
At 1 July 2021	40,996	1,579	42,575
At 30 June 2022	40,996	1,579	42,575
At 30 June 2023	40,996	1,579	42,575
<b>Accumulated depreciation and impairment</b>			
At 1 July 2021	35,988	1,579	37,567
Charge for the year	5,008	-	5,008
At 30 June 2022	40,996	1,579	42,575
At 30 June 2023	40,996	1,579	42,575
<b>Carrying amount</b>			
At 30 June 2022	-	-	-
At 30 June 2023	-	-	-

### 11 Investment property

	2023 £	2022 £
<b>Carrying amount</b>		
At 1 July 2022	6,855,300	6,557,000
Additions	287,500	285,000
Fair value adjustment	787,500	13,300
At 30 June 2023	7,930,300	6,855,300

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 11 Investment property (Continued)

A fixed and floating charge is in place over all property and assets of the Company, including the property known as Heathside, 562 Finchley Road.

The investment properties were valued by the Directors at 30 June 2023 with reference to independent external valuations performed in August 2023. The external valuations were carried out in accordance with the Royal Institution of Chartered Surveyors' Valuation - Global Standards, 2020 (Red Book).

The directors determined that there were no material factors that would give rise to there being a material variance between the latest external valuation and the fair value as at 30 June 2023. The valuation of the investment properties was £7,930,300, which was included in the financial statements.

Fair value is based on current prices in an active market for similar properties in the same location and condition. The current price is the estimated amount for which a property could be exchanged between a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations are based on a mixture of investment approach and market approach. An investment approach provides an indicative value by taking the value generated by the property with an allowance for its market rent and capitalising that at an appropriate yield based on sales of similar properties for which transaction information is available. A market approach provides an indicative value by comparing the property with other similar properties for which price information is available.

Comparisons have been adjusted to reflect difference in age, size, condition, location and any other relevant factors.

The fair values used are considered to be level 3 inputs under IFRS 13. The properties at Heathside were subject to full valuation, while all other properties were subject to valuation by the Directors. The valuer visited all material properties for his full valuation and his valuations were based on both internal and external site visits.

The valuation technique used in measuring the fair value, as well as the significant inputs and significant unobservable inputs are summarised in the following table-

Fair Value Hierarchy	Valuation Technique	Significant Inputs Used	Significant Unobservable Inputs
Level 3	Income capitalisation and/or capital value on a per square foot basis	Adopted gross yield	5.5%
		Adopted rate per square foot	£1,012

The fair value would increase if market rents were higher and/or the rates per square foot were higher and/or capitalisation rates were lower.

The fair value would decrease if market rents were lower and/or the rates per square foot were lower and/or capitalisation rates were higher.

If properties had been included on a historical cost basis, the cost of the properties at 30 June 2023 would have been £5,475,982 (2022 - £5,188,482).

The revenue earned by the Company from its investment properties and all direct operating expenses incurred on its investment properties are recorded in the Income Statement.

The total rental income in relation to investment properties for the Company equated to £234,894 (2022 - £179,513). There were no rental expenses in relation to investment properties for the Company for the 2023 year end (2022 - £nil).

Investment properties owned by the company are freehold properties.

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 12 Operating lease receivables

The Company leases out units within its investment properties under short-term operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2023 £	2022 £
Within one year	221,672	141,334
In two to five years	-	25,436
	<u>221,672</u>	<u>166,770</u>

#### 13 Trade and other receivables

	2023 £	2022 £
Trade receivables	(1,295)	665
Other receivables	164	19,336
Prepayments	41,535	54,504
	<u>40,404</u>	<u>74,505</u>

At 30 June 2023, the balance for trade receivables was in credit due to an overpayment from a tenant.

The Company's exposure to credit risk related to trade and other receivables is disclosed in Note 20.

There is no material difference between the fair value of trade and other receivables and their book value.

#### 14 Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>61,760</u>	<u>83,956</u>

#### 15 Borrowings

	2023 £	2022 £
Bank loans	<u>2,375,000</u>	<u>2,375,000</u>

#### Analysis of borrowings

	2023 £	2022 £
Non-current liabilities	<u>2,375,000</u>	<u>2,375,000</u>



# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 15 Borrowings (Continued)

In 2022 financial year the company entered into a new 5 year variable rate facility of £2,375,000 with Secure Trust Bank Plc. The borrowing was used to refinance the existing Proplend facility and provide additional capital to support activities, including the acquisition of another flat within Heathside which was completed in September 2021. The facility is repayable by 60 monthly interest-only instalments and a final instalment of £2,375,000. During the year, the variable rate of interest on the loan increase from 4.3% to 7.7%. The loan is secured by a fixed and floating charge over all the property and assets of the Company, including the property known as Heathside, 562 Finchley Road.

### 16 Trade and other payables

	2023 £	2022 £
Trade payables	4,391	-
Amount owed to parent undertaking	733,219	512,434
Amounts owed to fellow group undertakings	5,517	5,630
Accruals	63,970	55,153
Social security and other taxation	8,426	12,284
Other payables	2,026	17,576
	<u>817,549</u>	<u>603,077</u>

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 20.

There is no material difference between the fair value of trade and other payables and their book value.

Amounts owed to the parent company and fellow group undertakings are unsecured, interest free and repayable on demand. Although repayable on demand, the parent company has provided an undertaking to the Company that no intra-group amounts owed to the parent will be called for repayment for a period of at least 12 months from the date of approval of these financial statements unless the Company is in a position to make payments without adversely affecting their ability to continue to trade and settle any future obligations.

### 17 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

All shares rank pari passu for the purposes of dividends, voting and any return on capital.

### 18 Other leasing information

#### Lessee

Minimum lease payments, under non-cancellable leases, fall due as follows:

	2023 £	2022 £
Within one year	13,140	13,140
Between two and five years	3,285	3,285
	<u>16,425</u>	<u>16,425</u>

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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### 19 Financial instruments

The Company's financial assets, as defined under IFRS 9, and their estimated carrying amount are as follows:

	2023 £	2022 £
<b>Carrying amount of financial assets at amortised cost</b>		
Trade and other receivables	164	20,001
Cash at bank and in hand	61,760	83,956

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

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#### 20 Financial risk management

The Company's directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments: Credit risk, Liquidity risk and Market risk

#### Capital management

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations. The Company considers its capital to comprise equity capital less accumulated losses.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as reported in the statement of financial position.

The company undertakes credit checks on prospective new tenants to assess and mitigate credit risk. The checks include verification of income levels and capacity to pay, as well as checks of rental references. Any arrears are actively managed.

The company mitigates credit risk with regard to cash and cash equivalents by using banks with a credit rating of B or above.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Although the Company has net current liabilities at the balance sheet date, liquidity risk is not deemed to be significant as the majority of the current liabilities relate to a loan with the parent undertaking. The parent company has provided an undertaking to the Company that no intra-group amounts owed to the parent will be called for repayment for a period of at least 12 months from the date of approval of these financial statements unless the Company is in a position to make payments without adversely affecting their ability to continue to trade and settle any future obligations.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rate and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk as it has a variable rate interest on borrowings. At 30 June 2023, if interest rates had been 0.5 percentage point higher and all other variables were held constant, it is estimated that the company's profit before tax would decrease to £791,907. This is attributable to the Company's exposure on its borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the reporting period.

# K&C (OSPREY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 21 Ultimate parent company

The Company is a wholly owned subsidiary of KCR Residential REIT plc, which is the immediate parent of the Company. The registered office of the parent company is Gladstone House, 77-79 High Street, Egham, Surrey, TW20 9HY.

The parent undertakings produces consolidated accounts which incorporate the results of K&C (Osprey) Limited and can be obtained from the registered office or from [www.kcrreit.com](http://www.kcrreit.com).

The ultimate parent company is Pyne Gould Corporation Limited. The ultimate controlling party of Pyne Gould Corporation Limited is George Kerr.

### 22 Cash generated from operations

	2023 £	2022 £
Profit/(loss) for the year after tax	804,231	(13,945)
<b>Adjustments for:</b>		
Finance costs	151,551	108,786
Finance income	(922)	(21)
Depreciation and impairment of property, plant and equipment	-	5,008
Revaluation of investment properties	(787,500)	(13,300)
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	34,101	(62,860)
(Decrease)/increase in trade and other payables	(6,200)	47,050
<b>Cash generated from operations</b>	<u>195,261</u>	<u>70,718</u>

### 23 Post balance sheet events

There are no significant post balance sheet events.