Company Registration No. 02818584 (England and Wales)

K&C (COLEHERNE) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

K&C (COLEHERNE) LTD

COMPANY INFORMATION

Directors	D A White R J Naylor R J Boon
Company number	02818584
Registered office	Gladstone House 77-79 High Street Egham Surrey United Kingdom TW20 9HY
Auditor	BDO LLP 55 Baker Street London United Kingdom W1U 7EU
Solicitors	Bryan Cave Leighton Paisner LLP Governor's House 5 Laurence Pountney Hill London EC4R 0BR Blake Morgan LLP 6 New Street Square London EC4A 3DJ

K&C (COLEHERNE) LTD

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K&C (COLEHERNE) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

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 these financial statements.

Results and dividends
The directors do not recommend payment of a dividend for the year (2020 - £nil).

Directors
The following directors served during the year to 30 June 2021 and up to the date of approval of the financial statements:

D A White
R J Naylor
R J Boon

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to XX day's purchases, based on the average daily amount invoiced by suppliers during the year.

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
Details of post balance sheet events are detailed in the notes to these financial statements.

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

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 that the financial statements comply with IFRS; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to 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

D A White
Director

22 October 2021

K&C (COLEHERNE) LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF K&C (COLEHERNE) LTD

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of K&C (Coleherne) Limited (the 'Company') for the year ended 30 June 2021 which comprise the income statement, 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements 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.

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Group's compliance with the Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010 and the UK regulatory principles, such as the Companies Act 2006, to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee of the Group;
- Challenging assumptions and judgements made by management in their significant areas of estimation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

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

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

Use of our report

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

DocuSigned by:

Alexander Tapp

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Alexander Tapp (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London

22 October 2021

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

K&C (COLEHERNE) LTD

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Revenue	4	144,899	133,903
Cost of sales		(2,018)	(20,617)
Gross profit		142,881	113,286
Administrative expenses		(13,265)	(159,072)
Refurbishment of investment properties	6	(703,946)	-
Revaluation of investment properties		661,330	(90,000)
Operating profit/(loss)	6	87,000	(135,786)
Finance costs		(96,017)	(37,092)
Loss before taxation		(9,017)	(172,878)
Income tax expense	7	-	-
Loss and total comprehensive expense for the year		(9,017)	(172,878)

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 (COLEHERNE) LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	2021 £	2020 £
Non-current assets			
Investment property	9	4,840,000	4,010,000
Current assets			
Trade and other receivables	10	2,147,911	2,927,826
Cash and cash equivalents	11	10,295	12,454
		2,158,206	2,940,280
Total assets		6,998,206	6,950,280
Current liabilities			
Trade and other payables	13	92,930	35,987
Net current assets		2,065,276	2,904,293
Non-current liabilities			
Borrowings	12	2,743,359	2,743,359
Total liabilities		2,836,289	2,779,346
Net assets		4,161,917	4,170,934
Equity			
Called up share capital	14	1,000	1,000
Retained earnings		4,160,917	4,169,934
Total equity		4,161,917	4,170,934

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 22 October 2021 and are signed on its behalf by:

D A White
Director

Company Registration No. 02818584

K&C (COLEHERNE) LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 July 2019	1,000	4,342,812	4,343,812
Year ended 30 June 2020:			
Loss and total comprehensive expense for the year	-	(172,878)	(172,878)
Balance at 30 June 2020	1,000	4,169,934	4,170,934
Year ended 30 June 2021:			
Loss and total comprehensive expense for the year	-	(9,017)	(9,017)
Balance at 30 June 2021	1,000	4,160,917	4,161,917

K&C (COLEHERNE) LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from/(absorbed) by operations	19		262,528		(2,701,113)
Interest paid			(96,017)		(37,092)
Net cash inflow/(outflow) from operating activities			166,511		(2,738,205)
Investing activities					
Refurbishment of investment property	9	(168,670)		-	
Net cash used in investing activities			(168,670)		-
Financing activities					
Loan received in year		-		2,743,359	
Net cash (used in)/generated from financing activities			-		2,743,359
Net (decrease)/increase in cash and cash equivalents			(2,159)		5,154
Cash and cash equivalents at beginning of year			12,454		7,300
Cash and cash equivalents at end of year			10,295		12,454

1 Accounting policies

Company information
K&C (Coleherne) 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 presentational 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.

Having reviewed the Company's current position and cash flow projections, including the confirmation from the Company's parent that they will provide such support as is required for a period of at least 12 months from the date of signing of these financial statements, 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.

1 Accounting policies

1.3 Revenue

Revenue of the Company for the period was derived from it principal activity, being the letting to third parties of property assets owned by the Company.

Rental income from operating leases is recognised periodically in line with the time for which the property is rented. Rental income received in advance is recognised in deferred income.

Revenue from contracts with customers is recognised when control of the goods or 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 goods or 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 goods or services before transferring them to the customer. Contracts with customers do not contain a financing component or any element of variable consideration. The Company does not offer an option to purchase a warranty.

1.4 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 profit or loss.

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.

1.5 Cash and cash equivalents

Cash and cash equivalents comprise balances held with banking institutions.

1 Accounting policies

1.6 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 fair value plus adjusted for any directly attributable transaction costs.

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 profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

1 Accounting policies

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 profit or loss. 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's investment properties are designated as FVTPL assets.

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 firs 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.

1.7 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.

The Company classifies non-derivative financial liabilities into the "other financial liabilities" category. Such 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" comprise trade and other payables and other short-term monetary 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 Company after deducting all of its liabilities.

1.8 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

1 Accounting policies

1.9 Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss 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.

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

The Company has applied the following accounting standards that are mandatorily effective for accounting periods commencing on or after 1 January 2020:

- Amendments to IAS 1 and IAS8: Definition of Material
- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 : Interest Rate Benchmark reform
- Amendments to References to the Conceptual Framework in IFRS Standards
- Covid-19 Related rent concessions (Amendment to IFRS 16)

The application of these amendments have not had a material impact on the amounts reported in these financial statements.

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

Standards which are in issue but not yet effective

As at 30 June 2021, the Company has not applied the following new and revised standards that have been issued but are not yet effective:

- Amendments to IAS 1: Classification of liabilities as current or non current
- 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 2018-2020
- Amendments to IAS 37: Onerous Contracts – cost of fulfilling a contract

The directors do not anticipate that the adoption of the above new and revised standards 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 2021 at £4,840,000. See note 9 for further details.

4 Revenue

The Company is involved in the UK property ownership 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 activity, being the letting to third parties of property assets owned by the Company.

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 save as a result does not have any significant customers.

5 Employees

The directors, who are all considered to be key management personnel, receive remuneration from the parent company, KCR Residential REIT plc, in respect of the services they provide to the Group.

6 Operating profit/(loss)

In the 2021 and 2020 financial years, the auditors' remuneration was borne by the parent company.
Refurbishment of investment properties
During the year, the Company commenced substantial refurbishment work to the investment properties owned at Coleherne Road, London. The costs incurred in the 2021 financial year amounted to £703,946. 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.

7 Taxation

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2021 (2020 - £nil).

Factors affecting the tax expense
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Loss before taxation	(9,017)	(172,878)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(1,713)	(32,847)
Effect of expenses not deductible in determining taxable profit	-	58,289
Expenses not taxable	1,713	(25,442)
Taxation charge for the year	-	-

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.

8 Future minimum lease payments receivable

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

	2021	2020
	£	£
In less than one year	-	5,442

Properties that are owned by the Company are let on short-term tenancy agreements.

9 Investment property

	2021	2020
	£	£
Cost or Valuation		
At 1 July 2020	4,010,000	4,100,000
Addition through subsequent expenditure	168,670	-
Revaluation	661,330	(90,000)
At 30 June 2021	4,840,000	4,010,000

On 10 February 2020, the Company took out a loan of £2,743,359 with Hodge Bank. The term of the loan is 25 years. The loan is secured by a freehold charge over the investment properties.

The investment properties were valued by the Directors at 30 June 2021 with reference to independent external valuations performed in July 2021. 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 2021.The valuation of the investment properties was £4,840,000, 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 buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuation are based on a market approach which provides an indicative value by comparing the property with similar properties which price information is available. Comparisons have been adjusted to reflect differences 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 valuer visited all material properties 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 Heirachy	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	3.00% - 5.60%
		Adopted rate per square foot	£303 - £1,018

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.

9 Investment property

If properties had been included on a historical cost basis, the cost of the properties at 30 June 2021 would have been £4,168,670 (2020 - £4,000,000).

The revenue earned by the Company from its investment properties and all direct operating expenses incurred on its investment properties are recorded in the statement of comprehensive income.

The total rental income in relation to the leased investment properties for the Company equated to £144,901 (2020: 133,903). The total rental expenses in relation to investment properties for the Company equated to £2,081 (2020: £20,617).

Investment properties owned by the company are freehold properties.

10 Trade and other receivables

	2021 £	2020 £
Trade debtors	-	2,944
Amounts owed by fellow group undertakings	2,146,602	2,922,288
Other debtors	463	1,644
Prepayments and accrued income	846	950
	2,147,911	2,927,826

Amounts due from the parent undertaking are unsecured, interest free and repayable on demand.

The Company's exposure to credit risk related to trade and other receivables is disclosed in Note 16.

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

11 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	10,295	12,454

12 Borrowings

	2021	2020
	£	£
Bank loans and overdrafts	2,743,359	2,743,359

Analysis of borrowings

	2021	2020
	£	£
Non-current liabilities	2,743,359	2,743,359

On 10 February 2020, K&C (Coleherne) Limited took out a loan of £2,743,359 with Hodge Bank. The term of the loan is 25 years. The monthly instalments are interest payments and do not include any capital repayments. Interest is charged at 3.5 per cent for the first 60 months. After this period the interest rate charged will be a standard variable rate. The loan is secured by a freehold charge over 25 Coleherne Road. The balance outstanding at 30 June 2021 was £2,743,359.

13 Trade and other payables

	2021	2020
	£	£
Trade payables	79,098	20,599
Accruals	13,832	15,388
	92,930	35,987

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 16.

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

14 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Oridnary of £1 each	1,000	1,000	1,000	1,000

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

15 Financial instruments

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

	2021 £	2020 £
Carrying amount of financial assets at amortised cost		
Trade and other receivables	2,147,911	2,927,826
Cash at bank and in hand	10,295	12,454

16 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 polices 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
- 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.

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.

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.

17 Post balance sheet events

There are no significant post balance sheet events.

18 Ultimate parent company

The Company is a wholly owned subsidiary of KCR Residential REIT plc, which is the immediate and ultimate 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 (Coleherne) Limited and can be obtained from the registered office or from www.kcrreit.com.

19 Cash generated from/(absorbed by) operations

	2021 £	2020 £
Loss for the year after tax	(9,017)	(172,878)
Adjustments for:		
Finance costs	96,017	37,092
Fair value (gain)/loss on investment properties	(661,330)	90,000
Movements in working capital:		
Decrease/(increase) in trade and other receivables	779,915	(2,672,145)
Increase in trade and other payables	56,943	16,818
Cash generated from/(absorbed by) operations	262,528	(2,701,113)