

Registered number: 02992219

KENSINGTON MORTGAGES LIMITED

Report and unaudited financial statements

for the year ended 31 March 2017

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KENSINGTON MORTGAGES LIMITED

Company Registration No. 02992219

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KENSINGTON MORTGAGES LIMITED

Company Registration No. 02992219

COMPANY INFORMATION

Directors

K Street
D Thompson

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Solicitors

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London
EC4R 9HA

Registered office

Ascot House
Maidenhead Office Park
Maidenhead
SL6 3QQ

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2017.

Principal activities

Kensington Mortgages Limited (the "Company") is a wholly owned subsidiary of The Northview Group Limited ("Northview"). The ultimate parent company is Koala (Cayman) Limited, a company registered in the Cayman Islands (the "Ultimate parent company"). The Company operates as part of the group of companies owned by Koala (Cayman) Limited (the "Group").

The principal business activity of the Company is providing management services to the companies owned by the "Northview Group" and its subsidiaries. The principal business activity of the Northview Group is the provision of a range of residential mortgage loans.

There have been no significant changes to the Company's principal activities during the year under review and, as at the date of this report, the Director's are not aware of any major changes in the Company's activities in the coming year.

The Company manages its operations on a group-wide basis and therefore the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Review of the business

The statement of comprehensive income for the year ended 31 March 2017 is set out on page 6.

During the year, the Company made a profit after taxation of £382,000 (2016: £530,000). The current year profit is primarily driven by mortgage servicing income.

The Directors consider that the level of business during the year and the financial position of the Company at the end of the year were reasonable considering the nature of the business as a management company.

Directors

The Directors who held office during the year and up to the date of the signing of these financial statements were as follows:

K Street
D Thompson

None of the above mentioned directors are directors of the ultimate parent company.

Company secretary

Company Secretarial duties are carried out by employees of The Northview Group Limited, a Group company.

Dividends

The directors do not recommend the payment of a dividend (2016: £19,500,000).

DIRECTORS' REPORT (continued)**Future developments**

The Directors expect the business will continue in its principal activities described above for the foreseeable future and will ensure that the clients will continue to be serviced on a business as usual basis.

Principal risks and uncertainties

The business is subject to a number of risks, which could adversely affect the business in future years and the Directors will continue to monitor and manage these risks. The balance sheet comprises amounts due to other Group companies. The main risk associated with the Company's financial instruments is liquidity risk. The company is exposed to liquidity risk should it have insufficient capacity to fund its activities or be unable to meet its payment obligations as they fall due.

Going concern

The financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern basis, the Directors have taken account of all relevant information available covering a period of at least twelve months from the date of approval of the financial statements.

Events after balance sheet date

The Directors confirm that there were no significant events occurring after the statement of financial position date, up to the date of this report that would meet the criteria to be disclosed or adjusted in the financial statements for the year ended 31 March 2017.

Directors' indemnity and Directors' & Officers' liability insurance

The Company maintains a Directors' and Officers' Liability Insurance policy. In accordance with the Company's Articles of Association, the Board may also indemnify a Director from the assets of the Company against any costs or liabilities incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the Directors. However, costs may be advanced to Directors for their defence in investigations or legal actions.

Directors' interest in shares

None of the Directors had any interests in the shares of the Company at the Balance Sheet date. None of the Directors had any interest, either during the year or at the end of the year, in any material contract or arrangement with the Company.

Corporate and social responsibilities

The Company operates in accordance with the Group policies described in the Koala (Cayman) Limited annual accounts which does not form part of this report.

Employees

The Company does not have any employees (2016: none). All the operations associated with the Company's activities are carried out by employees of an affiliated company, The Northview Group Limited.

Corporate governance

The Directors have been charged with responsibility of ensuring proper standards of governance in accordance with the September 2012 Financial Reporting Councils Combined Code on Corporate Governance. The board has regular scheduled meetings a year to review and discuss corporate strategy. Additional meetings are held as necessary.

DIRECTORS' REPORT (continued)

The Directors are charged with ensuring the safeguarding of assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage, rather than eliminate the risk of failure to achieve business objectives, whilst enabling them to comply with the regulatory obligations.

Strategic report

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013, the Company has taken the exception not to prepare a strategic report as the Company qualifies as a small company in accordance with sections 382(2) and 382(3) of the Companies Act 2006. In the current year, the Company's turnover was not more than £10,200,000, the Statement of Financial Position was not more than £5,100,000 and the number of employees was not more than 50.

Approved by the Board of Directors on 21/12/2017

Signed on behalf of the Board.



D Thompson

Director

Date: 21/12/2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS101). 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimate that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

KENSINGTON MORTGAGES LIMITED

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STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Management charges and other service income	2	595	553
Interest receivable and similar income	3	1	-
Total operating income		<u>596</u>	<u>553</u>
Operating expenses		-	146
Profit on ordinary activities before taxation	5	<u>596</u>	<u>699</u>
Tax charge on profit of ordinary activities	6	(214)	(169)
Profit on ordinary activities after taxation	12	<u>382</u>	<u>530</u>

The result for the current and prior year were derived from continuing operations.

The notes on pages 9 to 14 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 March 2017

	Note	2017 £'000	2016 £'000
Current assets			
Debtors: Amounts falling due within one year	9	116	4,629
Deferred tax asset	6	417	563
Cash at bank and in hand		1,699	1,109
		<u>2,232</u>	<u>6,301</u>
Current liabilities			
Creditors: Amounts falling due within one year	10	(385)	(4,901)
Group relief payable		(430)	(365)
		<u>(815)</u>	<u>(5,266)</u>
Net current assets		1,417	1,035
Net assets		<u>1,417</u>	<u>1,035</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	1,417	1,035
Shareholder's funds	13	<u>1,417</u>	<u>1,035</u>

The notes on pages 9 to 14 form an integral part of these financial statements.

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for:

1. ensuring the company keeps accounting records which comply with section 386; and
2. preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 393, and which otherwise comply with the requirement of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on 21/12/2017

Signed on behalf of the Board.


D Thompson
Director

Date: 21/12/2017

KENSINGTON MORTGAGES LIMITED

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STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2017

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Opening balance 1 April 2015	20,000	5	20,005
Profit for the year	-	530	530
Dividend paid	-	(19,500)	(19,500)
Capital reduction	(20,000)	20,000	-
As at 31 March 2016	<u>-</u>	<u>1,035</u>	<u>1,035</u>
Profit for the year	-	382	382
As at 31 March 2017	<u>-</u>	<u>1,417</u>	<u>1,417</u>

The notes on pages 9 to 14 form an integral part of these financial statements.

**Notes to the financial statements
at 31 March 2017**

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Basis of preparation

The financial statements have been prepared in accordance with FRS 101.

The Company's financial statements continue to be prepared on a going concern basis. In assessing the appropriateness of the going concern basis, the Directors have taken account of all relevant information available covering a period of at least twelve months from the date of approval of the financial statements.

Income recognition

Interest receivable and similar income comprises interest earned on cash deposits and is recognised on an accruals basis.

Management charges are made to other group companies and are recognised on an accruals basis. Income from securitisation services, which represents fees for the mortgage portfolios of the other group companies, is recognised on an accruals basis.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Tax losses are surrendered to other group companies.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax at a future date. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

**Notes to the financial statements
at 31 March 2017**

1. ACCOUNTING POLICIES (continued)

Impairment of intercompany loans and debtors

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Related party transactions

The Company has taken advantage of the exemption conferred by paragraph 3 (c) of FRS 8 "Related party disclosures", and therefore transactions with other wholly owned group companies are not disclosed separately.

Consolidated accounts

The Company has taken advantage of the exemption from preparing consolidated financial statements as conferred by Section 400 of the Companies Act 2006 as its results are consolidated into Koala (Cayman) Limited's consolidated financial statements which are publicly available. Koala (Cayman) Limited. is incorporated in the Cayman Islands.

2. MANAGEMENT CHARGES AND OTHER SERVICE INCOME

	2017 £'000	2016 £'000
Income from securitisation	595	553
	<u>595</u>	<u>553</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £'000	2016 £'000
Bank interest received	1	-
	<u>1</u>	<u>-</u>

**Notes to the financial statements
at 31 March 2017**

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2016: none). The Directors' remuneration for the year was £5,000 (2016: £5,000) and was paid by the immediate parent company The Northview Group Limited.

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation is stated after charging the following within operating expenses:		
Operating expenses	-	146

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of the tax charge / (credit) in the year

	2017 £'000	2016 £'000
Current tax		
United Kingdom corporation tax charge at 20% (2016: 20%)	18	17
Adjustment in respect of prior years	51	
	68	17
Deferred tax		
Origination and reversal of timing differences	101	123
Effect of tax rate change	44	30
Adjustment in respect of prior years		
	145	153
Total tax charge / (credit) for the year	214	169

Factors affecting the tax credit for the year

The tax assessed for the year is greater than that resulting from applying the standard rate of corporation tax in the UK at 20% (2015: 20%). The differences are explained on the next page.

**Notes to the financial statements
at 31 March 2017**

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	596	699
Tax at 20% (2016: 20%)	119	140
Depreciation in excess of capital allowances	(101)	(123)
Adjustment in respect of prior periods	51	-
Current tax charge / (credit) for the year	<u>68</u>	<u>17</u>
Deferred tax asset		
Accelerated capital allowances	417	563
	<u>417</u>	<u>563</u>
The movement on the deferred tax asset is shown below:		
Balance at the beginning of the year	563	715
Other timing differences	(102)	(123)
Effect of change in tax rate	(44)	(30)
Adjustment in respect of prior year		
Balance at the end of the year	<u>417</u>	<u>563</u>

The Finance Act (No. 2) 2015 and Finance Act 2016 contain provisions reducing the rate of UK corporation tax from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020, respectively. These Acts were enacted on 18 November 2015 and 15 September 2016, respectively.

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Notes to the financial statements at 31 March 2017

9. DEBTORS

	2017 £'000	2016 £'000
Amounts falling due within one year		
Amount due from parent company	61	4,526
Amounts due from other group companies	17	62
Other debtors	38	41
	<u>116</u>	<u>4,629</u>

10. CREDITORS

	2017 £'000	2016 £'000
Amounts falling due within one year		
Amounts due to other group companies	385	4,639
Accruals	-	262
	<u>385</u>	<u>4,901</u>

Amounts due to parent company as well as other group companies are interest free and are payable on demand.

11. CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised		
20,000,101 (2016: 20,000,101) ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted and called up		
1 (2016: 1) ordinary share of £1 each	<u>-</u>	<u>-</u>

On incorporation the Company had issued 1 fully paid Ordinary share with nominal value of £1. This rounds down to zero and has been shown as such in these financial statements.

**Notes to the financial statements
at 31 March 2017****12. PARENT UNDERTAKING AND CONTROL**

The Company's immediate parent is The Northview Group Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Koala (Cayman) Limited, a company registered in the Cayman Islands. Koala (Cayman) Limited is owned by funds managed by Blackstone Tactical Opportunities Advisors L.L.C and TPG Sixth Street Partners L.L.C. (formerly known as TPG Special Situation Partners L.L.C). The largest group in which the results of the Company are consolidated is Koala Cayman Limited, a group incorporated in the Cayman Islands. The smallest group in which they are consolidated is Kayl Holdco S.à r.l which is also incorporated in Luxembourg. The consolidated financial statements of this company are available to the public and may be obtained from 6, rue Eugene Ruppert, L-2453 Luxembourg.

13. CAPITAL MANAGEMENT

The Company sets the amount of capital in proportion to risk, availability and cost. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, having particular regard to the relative costs and availability of debt and equity finance at any given time. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, issue or redeem other capital instruments, such as retail or corporate bonds, or sell assets to reduce debt.

14. CONTINGENT LIABILITIES AND COMMITMENTS

At the period end there were no contingent liabilities and commitments.