Registered number: 02992219

KENSINGTON MORTGAGES LIMITED

Report and unaudited financial statements

for the year ended 31 March 2019

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Company Registration No. 02992219

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COMPANY INFORMATION

Directors
D Thompson
C J McKinlay (Appointed 1 April 2018)

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

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DIRECTORS' REPORT

The directors of Kensington Mortgages Limited ("the Company") present their report and the unaudited financial statements of the Company for the year ended 31 March 2019.

Incorporation and principal activities
The Company was incorporated in England and Wales on 18 November 1994. The principal activity of the Company is to provide 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.

Results and dividends
Dividends paid during the year totalled £1,800,000 (2018:£ nil).

During the year, the Company made a loss after taxation of £246,000 (2018: profit of £523,000). The current year loss is primarily driven by mortgage servicing income offset by tax charges.

Future developments

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

Directors
The directors who held office during the year and up to the date of signing the financial statements are given below:

D Thompson
C J McKinlay (Appointed 1 April 2018)

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

Company secretary
Company secretarial duties are carried out by employees of the Kensington Mortgage Company Limited (KMC), having been transferred from The Northview Group Limited (Northview) on 1 April 2019, following an agreement for Northview to sell its trade and business to KMC via the Transfer of Undertakings ("TUPE") process.

DIRECTORS' REPORT (continued)

Principal risks and uncertainties
The principal risk of the Company is the assessment of going concern of its underlying investments and any associated impairments. These risks are closely monitored by management on a regular basis and any impairment will be booked as and when 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 2019.

Qualifying third party indemnity provisions
Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the directors' report and financial statements.

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 (2018: nil).

Corporate governance
The Directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

DIRECTORS' REPORT (continued)

The transaction documents provide for procedures that have been designed for safeguarding 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.

Due to the nature of the securities which have been issued, the Company is largely exempt from the requirements of the Financial Conduct Authority disclosure and transparency rules 7.1 Audit committee and 7.2 Corporate governance statements (apart from 7.2.5). This would otherwise require the Company respectively, to have an Audit Committee in place, and to include a corporate governance statement, including all requirements of the disclosure and transparency rules, in the report of the Directors.

The Directors are therefore satisfied that there is no requirement for an Audit Committee, or a supervisory body entrusted to carry out the functions of an Audit Committee or to publish a corporate governance statement which includes all requirements of the disclosure and transparency rules.

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.

Issued share capital and capital contribution
Details of the share capital are set out in note 11 to the financial statements. The issued share capital at 31 March 2019 consists of 1 ordinary share of £1 each.

During the period, the Company did not buy its own shares.

Qualifying third party indemnity provisions
Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the directors' report and financial statements.

Post balance sheet event
To date, there have been no other matters that warrant disclosure or adjustment to the Company's financial results as at 31 March 2019 and for the year then ended.

Approved by the Board of Directors on 12 December 2019.

Signed on behalf of the Board.

D Thompson
Director
Date: 12 December 2019

Statement of directors' responsibilities in respect of the Annual Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Annual Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;

- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- 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 or to 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Management charges and other service income	4	110	626
Interest receivable and similar income	5	2	2
Total operating income		112	628
Operating expenses		(5)	8
Profit on ordinary activities before taxation	7	107	636
Tax charge on profit of ordinary activities	8	(353)	(113)
(Loss)/Profit on ordinary activities after taxation		(246)	523

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

There were no items of other comprehensive income for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 9 to 13 form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
at 31 March 2019

	Note	2019 £'000	2018 £'000
Current assets			
Debtors: Amounts falling due within one year	9	51	258
Deferred tax asset	8	-	346
Cash at bank and in hand		183	2,123
		234	2,727
Current liabilities			
Creditors: Amounts falling due within one year	10	(8)	(339)
Group relief payable		(332)	(448)
		(340)	(787)
Net current assets		(106)	1,940
Net assets		(106)	1,940
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		(106)	1,940
Shareholder's funds		(106)	1,940

The Company's financial statements for the year ended 31 March 2019 have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

- The Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small entities.

- Members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements.

The financial statements were approved and authorised for issue by the board on 12 December 2019 and were signed on its behalf by:

D Thompson
Director

Date: 12 December 2019

The notes on pages 9 to 13 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Opening balance 1 April 2017	-	1,417	1,417
Profit for the year	-	523	523
As at 31 March 2018	-	1,940	1,940
Loss for the year	-	(246)	(246)
Dividend Paid	-	(1,800)	(1,800)
As at 31 March 2019	-	(106)	(106)

The notes on pages 9 to 13 form an integral part of these financial statements.

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Notes to the financial statements
at 31 March 2019

1. General information

The principal activity of the Company is to provide management services to the companies owned by the "Northview Group" and its subsidiaries.

The Company is a private limited company and was incorporated on 18 November 1994 and is domiciled in England, United Kingdom. Its principal place of business is its registered office located at Ascot House, Maidenhead Office Park, Maidenhead, SL6 3QQ.

2. Significant 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:

2.1. Basis of preparation and statement of compliance with FRS 101

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the financial assets and liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 Statement of Cash Flows;

- The requirements of paragraphs 10(d), 10(f), 16, 38(c)-(d), 40(a)-(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;

- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and

- The Company has taken advantage of the exemptions conferred by FRS 101: 8 (j) & (k) "Related party disclosures", the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures, and transactions with other wholly owned group companies are not disclosed separately.

The preparation of financial statements in conformity with FRS 101 requires the use of certain significant accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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

Notes to the financial statements
at 31 March 2019

2.2. Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that have occurred at that date that will result in an obligation to pay more, or a right to pay less tax with the following exceptions:

(i) Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

2.3. Segmental analysis

The Company's income and trade are wholly within the UK and within a single market sector and therefore no segmental analysis has been presented.

2.4. Share capital and capital contributions

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.5. 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.

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has identified the following significant accounting policies that involve significant accounting estimates:

3.1. 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.

Notes to the financial statements
at 31 March 2019

4. MANAGEMENT CHARGES AND OTHER SERVICE INCOME

	2019 £'000	2018 £'000
Income from securitisation	110	626
	110	626

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Bank interest received	2	2
	2	2

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2018: none). The Directors' remuneration for the year was nil (2018: £nil).

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation is stated after charging the following within operating expenses:		
Operating expenses	(5)	8

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2019 £'000	2018 £'000
Current tax		
United Kingdom corporation tax charge at 19% (2018: 19%)	7	42
Adjustment in respect of prior years	-	-
	7	42
Deferred tax		
Origination and reversal of timing differences	387	79
Impact of changes in tax rates	(41)	(8)
	346	71
Total tax charge / (credit) for the year	353	113

Notes to the financial statements
at 31 March 2019

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax credit for the year

The tax assessed for the year is higher (2018: lower) than that resulting from applying the standard rate of corporation tax in the UK at 19% (2018: 19%).

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	107	636
Tax at 19% (2018: 20%)	20	121
Effect of tax rate change	(40)	(8)
Deferred Tax on transfer of trade	373	-
Current tax charge / (credit) for the year	353	113
Deferred tax asset		
Accelerated capital allowances	346	346
	346	417

The movement on the deferred tax asset is shown below:

Balance at the beginning of the year	346	417
Origination/reversal of timing difference	(387)	(79)
Effect of rate change (credited)/charged to the statement of comprehensive income	41	8
Balance at the end of the year	-	346

Due to the transfer of trade, deferred tax on decelerated capital allowances amounting to £1,965,468 (net £373,439) has been derecognised and transferred to Kensington Mortgage Company Limited.

The Finance Act 2016 contain provisions reducing the rate of United Kingdom corporation tax from 19% to 17% from 1 April 2020. This Act was substantively enacted on 15 September 2016 respectively.

9. DEBTORS

	2019 £'000	2018 £'000
Amounts falling due within one year		
Amount due from parent company	48	38
Amounts due from other group companies	-	219
Other debtors	3	1
	51	258

Notes to the financial statements
at 31 March 2019

10. CREDITORS

	2019	2018
	£'000	£'000
Amounts falling due within one year		
Amounts due to other group companies	1	297
Amounts due to parent company	-	-
Corporation tax	7	42
	8	339

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

11. CALLED UP SHARE CAPITAL

	2019	2018
	£'000	£'000
Authorised		
20,000,101 (2018: 20,000,101) ordinary shares of £1 each	20,000	20,000
Allotted and called up		
1 (2018: 1) ordinary share of £1 each	-	-

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.

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 smallest and largest group in which the results of the Company are consolidated is Koala Cayman Limited, a group incorporated in the Cayman Islands.

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.