

Company registration number 05212452 (England and Wales)

REVCAP (KH III) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

REVCAP (KH III) LIMITED

COMPANY INFORMATION

Directors	A J Pettit W J Killick S J Pettit N A West
Secretary	R B Mitchell
Company number	05212452
Registered office	Second Floor 60 Charlotte Street London W1T 2NU
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

REVCAP (KH III) LIMITED

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REVCAP (KH III) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present their annual report and financial statements for the year ended 30 April 2022.

Principal activities

The principal activity of the company is that of property investment.

Directors

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

A J Pettit
W J Killick
S J Pettit
N A West

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- 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.

Statement of disclosure to auditor

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

REVCAP (KH III) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Covid-19 & going concern

During the COVID-19 pandemic, Revcap demonstrated the ability to adapt to rapidly changing circumstances and continued to operate effectively throughout. Given that Revcap operates across Europe and the UK, where life has regained a sense of normality since the lifting of government restrictions, the Directors believe that the impact of the pandemic on the Company's business operations has materially diminished.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

R B Mitchell

Secretary

28 April 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REVCAP (KH III) LIMITED**

Opinion

We have audited the financial statements of Revcap (KH III) Limited (the 'company') for the year ended 30 April 2022 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REVCAP (KH III) LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

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, 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 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' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REVCAP (KH III) LIMITED

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.

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

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. 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 inflated income and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports, including review of correspondence with legal advisors, enquiries of management and review of reports in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REVCAP (KH III) LIMITED

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.

Marc Waterman
Senior Statutory Auditor
For and on behalf of UHY Hacker Young

28 April 2023

Chartered Accountants
Statutory Auditor

REVCAP (KH III) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 APRIL 2022**

		2022	2021
	Notes	£	£
Administrative expenses		(5,700)	(5,400)
Share of results of limited partnership investments		1,187,770	42,109
Interest payable and similar expenses	3	2,813,288	(364,014)
Change in fair value of limited partnership investments	4	(111,688)	(2,133,815)
Profit/(loss) before taxation		3,883,670	(2,461,120)
Taxation		-	-
Profit/(loss) for the financial year		3,883,670	(2,461,120)

REVCAP (KH III) LIMITED**BALANCE SHEET****AS AT 30 APRIL 2022**

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Investments	5		7,990,802		8,012,981
Current assets		-		-	
Creditors: amounts falling due within one year	6	(8,817,045)		(12,722,894)	
Net current liabilities			(8,817,045)		(12,722,894)
Total assets less current liabilities			(826,243)		(4,709,913)
Capital and reserves					
Called up share capital	7		1		1
Profit and loss reserves			(826,244)		(4,709,914)
Total equity			(826,243)		(4,709,913)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28 April 2023 and are signed on its behalf by:

W J Killick

Director

Company Registration No. 05212452

REVCAP (KH III) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

Company information

Revcap (KH III) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Second Floor, 60 Charlotte Street, London, W1T 2NU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

1.2 Going concern

During the COVID-19 pandemic, Revcap demonstrated the ability to adapt to rapidly changing circumstances and continued to operate effectively throughout. Given that Revcap operates across Europe and the UK, where life has regained a sense of normality since the lifting of government restrictions, the Directors believe that the impact of the pandemic on the Company’s business operations has materially diminished.

The financial statements have been prepared on a going concern basis as in the directors' opinion the predicted future cash flows from the group's joint venture investments and funds available under the group loan facilities will be sufficient to meet the company's liabilities as they fall due.

1.3 Fixed asset investments

Investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Investments in limited partnerships are measured at fair value, the basis of which are the latest audited consolidated financial statements as those financial statements are prepared on a net asset value basis.

REVCAP (KH III) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

Basic financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

1.5 Equity instruments

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

REVCAP (KH III) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2022****1 Accounting policies****(Continued)****1.6 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.7 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at an average rate for the year. All differences are taken to profit and loss account.

1.8 Investment income

The company's share of the profits and losses of its investments in Limited Partnerships (LPs) and partnerships accrue to the company, and are therefore included in the profit and loss account, as they arise. This accrued income is regarded as an additional investment in the limited partnership and is therefore included in the balance sheet.

2 Employees

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

	2022	2021
	Number	Number
Total	-	-

3 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	374,700	364,014
Other finance costs:		
Other interest	(3,187,988)	-
	(2,813,288)	364,014

REVCAP (KH III) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

4 Amounts written off investments

	2022	2021
	£	£
Fair value gains/(losses)		
Change in value of financial assets held at fair value through profit or loss	(111,688)	(2,133,815)
	<u> </u>	<u> </u>

5 Fixed asset investments

	2022	2021
	£	£
Investments	7,990,802	8,012,981
	<u> </u>	<u> </u>

Movements in fixed asset investments

	Investments in limited partnerships £
Cost or valuation	
At 1 May 2021	8,012,981
Valuation changes	(111,688)
Share of results of limited partnership investments	1,187,770
Receipts from limited partnership investments	(1,098,261)
	<u> </u>
At 30 April 2022	7,990,802
	<u> </u>
Carrying amount	
At 30 April 2022	7,990,802
	<u> </u>
At 30 April 2021	8,012,981
	<u> </u>

The company holds 10% of the equity capital of Kitty Hawk Capital Partners III LP, a limited partnership incorporated in Jersey. The limited partnership is managed by the general partner through management boards on which other partners are represented in accordance with their respective interests in the limited partnership.

The investment in the limited partnership has been measured at fair value, the basis of which was the company's share of the group net assets taken from the limited partnership's consolidated management accounts for the period ended 31 March 2022 as they were prepared on a net asset value basis.

REVCAP (KH III) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2022****6 Creditors: amounts falling due within one year**

	2022	2021
	£	£
Amounts owed to group undertakings	820,843	815,443
Other creditors	7,990,802	11,902,351
Accruals and deferred income	5,400	5,100
	<u>8,817,045</u>	<u>12,722,894</u>

7 Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

8 Financial commitments, guarantees and contingent liabilities

The assets of the company are used as security in respect of the group loans for the company, its parent and fellow subsidiary undertakings.

9 Related party transactions

Revcap (KH III) Limited has a profit participating loan and senior loan facility with Revcap (KH III) Jersey Limited and Sparrowhawk Lending 802 S.a.r.l. respectively. The companies are subsidiaries of Sparrowhawk Capital Partners IV LP, which is a joint venture of Revcap (SH IV) Limited, a fellow subsidiary of the company. During the year profit participating interest of £nil (2021: £nil) and loan interest of £374,699 (2021: £364,014) was charged on these loans respectively. As the cumulative senior loan interest is higher than the cumulative profits made by the company on the investment the profit participating loan repayable has been reduced in the year by £3,187,988 (2021: £nil). At the year end the outstanding loan balance was £4,022,003 and £3,698,799 (2021: £7,209,991 and £4,692,360) respectively.

10 Parent company

The immediate parent is Revcap UK Holdings Limited and the ultimate parent is Real Estate Venture Capital Partners LLP. This limited liability partnership is registered in England and Wales. Real Estate Venture Capital Partners LLP prepares group financial statements and copies can be obtained from Companies House.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.