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KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

**Schedule of service charge income and expenditure
for the year ended**

31 DECEMBER 2010

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KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

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KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

DIRECTORS AND ADVISERS

Directors

D B A Davis
R T Liddell
S M Pratt
G J Renucci
A J Samuels

Secretary

London Registrars plc

Registered office

4th Floor
Haines House
21 John Street
London
WC1A 2BP

Bankers

HSBC Bank Plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

Auditors

Nexia Smith & Williamson
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Company's registered number

05505563

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2010

Company's registered number

The company's registered number is 05505563

Principal activities

The principal activity of the company continues to be the management of the apartments and common areas at 199 Knightsbridge.

Directors

The directors of the company who served during the year are

D B A Davis

R T Liddell

S M Pratt

G J Renucci

A J Samuels

A D Tabor

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the group's auditors were unaware, and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the group's auditors were aware of that information

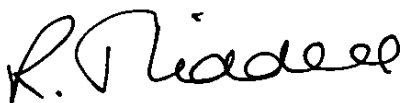
This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Auditors

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting

The above report has been prepared in accordance with the special provision relating to small companies within Part 15 of the Companies Act 2006

Approved by the board of directors on 23 March 2011 and signed on behalf of the board



R T Liddell
Director

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 judgments and accounting estimates that are reasonable and prudent, 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.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

We have audited the financial statements of Knightsbridge Residents Management Company Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of the company's results 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent 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.

Nexia Smith & Williamson

Andrew Bond
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date 25 / 3 / 11

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED**PROFIT AND LOSS ACCOUNT for the year ended 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Turnover		5,148,491	5,072,876
Administrative expenses		(5,151,063)	(5,092,757)
Operating loss		(2,572)	(19,881)
Other income		170,881	-
Interest receivable and similar income	2	2,572	25,210
Interest payable and similar charges	3	-	(35)
Profit on ordinary activities before taxation		170,881	5,294
Tax on profit on ordinary activities	5	(35,885)	(5,294)
Profit for the financial year	10	134,996	-

All of the company's operations are classed as continuing. There were no gains or losses in either year other than those included in the above profit and loss account.

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED**BALANCE SHEET as at 31 DECEMBER 2010**

	Notes	2010 £	Restated 2009 £
Current assets			
Debtors	6	1,235,286	1,083,526
Cash at bank and on hand		2,046,983	1,133,747
		<hr/>	<hr/>
		3,282,269	2,217,273
Creditors: amounts falling due within one year	7	(2,301,905)	(1,566,841)
Deferred income account	8	(845,167)	(650,231)
		<hr/>	<hr/>
Net assets		135,197	201
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	201	201
Profit and loss account	10	134,996	-
		<hr/>	<hr/>
		135,197	201
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the special provisions relating to small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2009)

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2011 and were signed on its behalf by



R T Liddell
Director

Company's Registered Number 05505563

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010

1 Accounting policies

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices. A summary of the more important accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements reflect all transactions with, for and on behalf of the apartment owners.

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Turnover

Revenue is measured at the fair value of the right to consideration and represents amounts receivable for service charges in respect of apartments, car park spaces and storage areas and fees for the provision of additional services to residents. Turnover is receivable wholly within the United Kingdom.

Turnover is recognised in the periods to which it relates on an accruals basis.

Taxation

The company's business consists of the management on a not for profit basis of a block of apartments for the apartment owners of 199 Knightsbridge. As a result the company is only taxed on its non business sources of income.

Deferred income account

This represents funds collected from residents in accordance with the terms of their leases, for the funding of future maintenance costs. The funds are held on Trust and if they are not spent will be returned to residents, accordingly they are classified as a creditor.

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

2	Interest receivable and similar income	2010	2009
		£	£
	Interest charged on service charge arrears	2,572	25,210
		<hr/>	<hr/>
3	Interest payable and similar charges	£	£
	Bank interest	-	35
		<hr/>	<hr/>
4	Profit on ordinary activities before taxation is stated after charging	£	£
	Operating lease rentals		
	- other	23,803	22,506
	Auditors' remuneration, including VAT, for		
	- audit	12,925	15,206
	- other services	3,408	588
		<hr/>	<hr/>
5	Tax on profit on ordinary activities	£	£
	UK corporation tax	35,885	5,294
		<hr/>	<hr/>
6	Debtors	£	£
	Trade debtors	179,445	409,904
	Other debtors	744,870	92,913
	Unpaid share capital	201	201
	Prepayments	194,482	303,978
	Accrued income	116,288	276,530
		<hr/>	<hr/>
		1,235,286	1,083,526
		<hr/>	<hr/>

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

7	Creditors: amounts falling due within one year	2010	2009
		£	£
	Trade creditors	95,617	477,750
	Payments in advance	1,086,255	233,978
	Apartment owner deposits	850,953	561,548
	Other creditors	11,992	-
	Corporation tax	41,179	5,294
	Accruals	215,909	288,271
		<hr/>	<hr/>
		2,301,905	1,566,841
		<hr/>	<hr/>
8	Deferred income account	£	£
	At 1 January 2010	650,231	460,798
	Amounts received from residents in the year	194,936	189,433
		<hr/>	<hr/>
	At 31 December 2010	845,167	650,231
		<hr/>	<hr/>
9	Share capital	£	£
	Authorised		
	1 ordinary A share of £1 each	1	1
	10,000 ordinary B shares of £1 each	10,000	10,000
		<hr/>	<hr/>
		10,001	10,001
		<hr/>	<hr/>
	Allotted and called up		
	201 ordinary B shares of £1 each	201	201
		<hr/>	<hr/>

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

10 Reserves

	Profit and loss £
At 1 January 2010	-
Profit for the financial year	134,996
	<hr/>
At 31 December 2010	134,996
	<hr/>

11 Operating lease commitments

At 31 December 2010 the company had annual commitments under operating leases expiring as follows

	Other 2010 £	2009 £
Within one year	3,892	6,334
Between two and five years	12,972	3,553
	<hr/>	<hr/>
	16,863	9,887
	<hr/>	<hr/>

12 Ultimate controlling party

As at 31 December 2010, there is no ultimate controlling party

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

13 Related party transactions

The company was controlled by 199 Knightsbridge Investment Limited until it relinquished the 1 ordinary A share on 8 July 2009. During the year the company charged £116,288 (2009: £104,577) to 199 Knightsbridge Investment Limited for its share of the service charge allocated to any unsold apartments, storage and parking spaces. £116,288 (2009: £19,131) of this balance was outstanding at the year end.

A balance of £nil (2009: £74,670) was owed by 199 Knightsbridge Development Limited at the year end for expenses paid by the company that were subsequently agreed to be recoverable from 199 Knightsbridge Development Limited.

The holders of the company's B class shares all own apartments at 199 Knightsbridge and were charged £6,386,918 (2009: £4,870,275) in the form of service charges and contributions to the deferred income account by the company during the year. At the year end there were net balances due to the apartment owners of £724,224 (2009: owed by £316,103). At the year end the company has also received £182,586 (2009: £233,978) from apartment owners in relation to the following year's service charges.

The company also held £850,953 (2009: £561,548) of tenant deposits on behalf of the apartment owners which are shown separately under creditors. Deferred income shown in note 8 is also held for the future benefit of apartment owners.

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

**Schedule of service charge income and expenditure
for the year ended**

31 DECEMBER 2010

KNIGHTSBRIDGE RESIDENTS MANAGEMENT COMPANY LIMITED

DETAILED SERVICE CHARGE INCOME & EXPENDITURE

	2010 £	2009 £
EXPENDITURE		
Payroll expenses	1,734,138	1,559,813
Contract services	175,733	165,681
Security	478,904	471,166
Administration & other related expenses	224,237	273,458
Repairs & maintenance	375,111	496,043
Utilities	624,610	845,717
Insurances	431,272	619,631
Professional fees	438,430	281,771
Leases & other expenses	18,011	22,505
Sub total	4,500,446	4,735,785
Management Fee	301,550	324,582
Leak detection costs	505,918	-
Replacement Capex	23,163	32,390
Contingency Fund	(354)	-
Extraordinary credit re insurances	(179,660)	-
Admin expenditure per accounts	5,151,063	5,092,757
Additional services income	(22,992)	(36,102)
Tax charge (relating to interest received)	-	5,294
Contribution to sinking fund (note 8)	194,936	189,433
Total charge to apartment owners	5,323,007	5,251,382
SERVICE CHARGES DEMANDED		
Annual service charge demanded	5,485,599	4,974,852
Annual service charge to be demanded (note 6)	116,288	-
Leak detection charge demanded	901,319	-
	6,503,206	4,974,852
Less payments in advance relating to leak detection	(395,401)	-
Total funds collected from apartment owners	6,107,805	4,974,852
Surplus/(deficit) for the year	784,798	(276,530)
Less overspend in 2009 (note 6)	(276,530)	-
To be refunded to / (paid by) apartment owners	508,268	(276,530)
Analysis of payments in advance (note 7)		
Leak detection project	395,401	-
Service charge underspend	508,268	-
Annual service charge paid in advance	182,586	233,978
	1,086,255	233,978