

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 December 2013

for

Knightsbridge Residents Management  
Company Limited

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Knightsbridge Residents Management  
Company Limited

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for the Year Ended 31 December 2013

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Knightsbridge Residents Management  
Company Limited

Company Information  
for the Year Ended 31 December 2013

**DIRECTORS:**

D B A Davis  
G J Renucci  
A D Tabor  
R Twigden  
C J E Barrass  
G J Sharp  
I C Advaney

**SECRETARY:**

London Registrars Plc

**REGISTERED OFFICE:**

Suite A  
6 Honduras Street  
London  
EC1Y 0TH

**REGISTERED NUMBER:**

05505563 (England and Wales)

**AUDITORS:**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

**BANKERS:**

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

Knightsbridge Residents Management  
Company Limited

Strategic Report  
for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

**REVIEW OF BUSINESS**

Throughout the year the Knightsbridge Residents Management Company Limited has continued to build on its reputation of running the premier luxury five star residential estate in London. All aspects of the services provided to residents have been continually reviewed to ensure that these are streamlined to offer the very best value to residents. At the same time the management company remains focused on providing the very best bespoke and personalised service to all residents.

The company reserves of £1,756,630 (2012: £886,064) as set out in note 11 are the key financial indicator for the company. The reserves have increased by 98% since prior year and are in accordance with expected future capital expenditure through the capital reserve and future major repairs through the sinking fund.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors have undertaken a review of the principle risks and uncertainties facing the business.

A key area of consideration for the directors is liquidity risk being the risk of non- collection of resident debtors. As mitigation a third-party service provider collect the debts on behalf of Knightsbridge Residents Management Company Limited. This provider collects the debtors on a timely basis and as agent will raise late payment charges and interest charges where appropriate to encourage timely payment.

Further the directors have considered the risk that the company overspends the resident's monies. Ultimately this risk is short term as the leases prescribe that any over spend can be recovered from residents. To mitigate this risk there is a robust monthly budgeting and management reporting process involving key management in all departments.

It is deemed the business plans implemented by management mitigate the principal risks to an acceptable level.

**FUTURE DEVELOPMENTS**

Looking forward into 2014 and beyond the management company's objective is to continue to provide outstanding quality and drive value for the residents. In this vein there are a number of capital projects and refurbishments due to maintain the high standards expected and where appropriate to provide enhancement. Projects include the introduction of infrastructure to improve the mobile telephone signal across the estate and the installation of plant which will provide softened hot water to all apartments. Furthermore an upgrade of the security installations and CCTV is planned and looking slightly further ahead the car park and common corridors will need to undergo a significant refurbishment. The Knightsbridge Residents Management Company Limited directors expect the company to capitalise on the accomplishments of 2013 and to build on this in the year ahead reinforcing the company's position as the market leader.

**ON BEHALF OF THE BOARD:**



.....  
C J E Barrass - Director

Date: 27/06/14

Knightsbridge Residents Management  
Company Limited

Report of the Directors  
for the Year Ended 31 December 2013

The directors present their report with the audited financial statements of the company for the year ended 31 December 2013.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the management of the apartments and common areas at 199 Knightsbridge.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2013.

**DIRECTORS**

The directors during the year under review were:

D B A Davis	
C M Logothetis	- resigned 30.10.13
G J Renucci	
A D Tabor	
R Twigden	
C J E Barrass	- appointed 12.11.13
G J Sharp	- appointed 25.11.13
I C Advaney	- appointed 6.8.13

The beneficial interests of the directors holding office on 31 December 2013 in the issued share capital of the company were as follows:

	31.12.13	1.1.13 or date of appointment if later
<b>Ordinary B £1 shares</b>		
D B A Davis	1	1
G J Renucci	1	1
A D Tabor	2	1
R Twigden	1	1
G J Sharp	1	1
I C Advaney	1	1

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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.

Knightsbridge Residents Management  
Company Limited

Report of the Directors  
for the Year Ended 31 December 2013

**STRATEGIC REPORT**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the directors have prepared a review of the business within strategic report presented on page 2.

**GOING CONCERN**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Deloitte LLP, will be proposed for re-appointment.

**ON BEHALF OF THE BOARD:**



.....  
C J E Barrass - Director

Date: .....

27/1/14

Report of the Independent Auditors 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 2013 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and related notes 1 to 14. 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 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 a Report of the Auditors 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 auditors**

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. 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2013 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.


**Opinion on other matter prescribed by the Companies Act 2006**

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

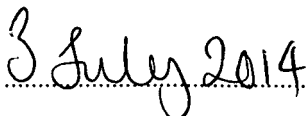
**Matters on which we are required to report by exception**

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, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Helen George ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP

Date: 

Knightsbridge Residents Management  
Company Limited

Profit and Loss Account  
for the Year Ended 31 December 2013

	Notes	31.12.13 £	31.12.12 £
TURNOVER	1	6,106,195	5,565,689
Administrative expenses		<u>(4,915,618)</u>	<u>(4,909,526)</u>
		1,190,577	656,163
Other operating income		<u>68,745</u>	<u>25,760</u>
<b>OPERATING PROFIT</b>	3	1,259,322	681,923
Interest receivable and similar income		<u>-</u>	<u>7,926</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,259,322	689,849
Tax on profit on ordinary activities	4	<u>(13,749)</u>	<u>(1,445)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>1,245,573</u></u>	<u><u>688,404</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year.



**Knightsbridge Residents Management  
Company Limited (Registered number: 05505563)**

**Balance Sheet  
31 December 2013**

	Notes	31.12.13 £	31.12.12 £
<b>FIXED ASSETS</b>			
Tangible assets	5	-	-
<b>CURRENT ASSETS</b>			
Debtors	6	2,776,147	2,918,266
Cash at bank and in hand	7	<u>5,224,224</u>	<u>3,595,103</u>
		8,000,371	6,513,369
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>6,243,540</u>	<u>5,627,104</u>
<b>NET CURRENT ASSETS</b>		<u>1,756,831</u>	<u>886,265</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,756,831</u>	<u>886,265</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	201	201
Major capital projects reserve	11	420,919	-
Capital expenditure reserve	11	473,981	308,652
Sinking fund reserve	11	507,862	278,540
Profit and loss account	11	<u>353,868</u>	<u>298,872</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u>1,756,831</u>	<u>886,265</u>

The financial statements were approved by the Board of Directors on its behalf by:

3 July 2014 and were signed on



.....  
C J E Barrass - Director

The notes form part of these financial statements

Knightsbridge Residents Management  
Company Limited

Cash Flow Statement  
for the Year Ended 31 December 2013

	Notes	31.12.13 £	31.12.12 £
<b>Net cash inflow from operating activities</b>	1	2,010,865	1,493,881
<b>Returns on investments and servicing of finance</b>	2	-	7,926
<b>Reserve expenditure</b>		(375,007)	(432,499)
<b>Taxation</b>		<u>(6,737)</u>	<u>(35,439)</u>
<b>Increase in cash in the period</b>		<u>1,629,121</u>	<u>1,033,869</u>

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**Reconciliation of net cash flow  
to movement in net funds**

	3		
Increase in cash in the period		<u>1,629,121</u>	<u>1,033,869</u>
Change in net funds resulting from cash flows		<u>1,629,121</u>	<u>1,033,869</u>
<b>Movement in net funds in the period</b>		1,629,121	1,033,869
<b>Net funds at 1 January</b>		<u>3,595,103</u>	<u>2,561,234</u>
<b>Net funds at 31 December</b>		<u>5,224,224</u>	<u>3,595,103</u>

The notes form part of these financial statements

Knightsbridge Residents Management  
Company Limited

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2013

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.13	31.12.12
	£	£
Operating profit	1,259,322	681,923
Decrease / (increase) in debtors	142,119	(1,931,119)
Increase in creditors	<u>609,424</u>	<u>2,743,157</u>
<b>Net cash inflow from operating activities</b>	<u><u>2,010,865</u></u>	<u><u>1,493,881</u></u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.12.13	31.12.12
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	-	<u>7,926</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>-</u>	<u><u>7,926</u></u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.13	Cash flow	At
	£	£	31.12.13
			£
Net cash:			
Cash at bank and in hand	<u>3,595,103</u>	<u>1,629,121</u>	<u>5,224,224</u>
	<u>3,595,103</u>	<u>1,629,121</u>	<u>5,224,224</u>
<b>Total</b>	<u><u>3,595,103</u></u>	<u><u>1,629,121</u></u>	<u><u>5,224,224</u></u>

The notes form part of these financial statements

Knightsbridge Residents Management  
Company Limited

Notes to the Financial Statements  
for the Year Ended 31 December 2013

1. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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 including those with, for and on behalf of the apartments owners.

The company holds the freehold of 199 Knightsbridge which was transferred from the developer following the sale of apartments on the site. Since no consideration was paid by the company to acquire the freehold, under the historic cost convention, no historic cost is recorded for this asset in the financial statements.

The directors, having considered the business plans and forecasts for the company for the next 12 months, and beyond, have confirmed the appropriateness of the going concern basis of preparation. This is based on the assumption that the company is required to expend only those amounts that it has received from the owners of the apartments in accordance with their wishes.

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**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.

**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.

2. **STAFF COSTS**

The average number of persons employed by the company (including directors) during the year was 63 (2012: 53):

The aggregate payroll costs were as follows:

	31.12.13	31.12.12
	£	£
Wages & salaries	1,940,422	1,797,582
Social security costs	215,971	200,073
Staff pensions	39,214	36,328
	<u>2,195,607</u>	<u>2,033,983</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.13	31.12.12
	£	£
Directors' remuneration	28,055	41,692
Fees paid to the auditors in respect of the audit of the Company's accounts	23,820	16,800
Fees paid to the auditors in respect of other services	<u>2,900</u>	<u>2,900</u>

Knightsbridge Residents Management  
Company Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2013

4. **TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.13 £	31.12.12 £
Current tax:		
UK corporation tax at 20%	13,749	6,737
Overprovision in prior year	<u>-</u>	<u>(5,292)</u>
 Tax on profit on ordinary activities	 <u>13,749</u>	 <u>1,445</u>

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.13 £	31.12.12 £
Profit on ordinary activities before tax	<u>1,259,322</u>	<u>689,849</u>
 Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012 - 20%)	 251,864	 137,970
Effects of:		
Income not taxable for tax purposes	(238,115)	(132,818)
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(3,707)</u>
 Current tax charge	 <u>13,749</u>	 <u>1,445</u>

5. **TANGIBLE FIXED ASSETS**

The company holds the freehold of 199 Knightsbridge which was transferred from the developer following the sale of apartments on the site. Since no consideration was paid by the company to acquire the freehold, under the historic cost convention, no historic cost is recorded for this asset in the financial statements.

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.13 £	31.12.12 £
Other debtors	2,574,021	2,717,004
Unpaid share capital	201	201
Prepayments	<u>201,925</u>	<u>201,061</u>
	<u>2,776,147</u>	<u>2,918,266</u>

7. **CASH AT BANK AND IN HAND**

Knightsbridge Residents Management Company Limited has cash at bank and in hand of £5,224,224 (2012: £3,595,103). Of this £2,243,979 (2012: £1,029,356) is held in Trust bank accounts.

Deposits totalling £2,149,092 (2012: £2,051,054) are also held on behalf of the apartment owners. These funds can only be used where the payment of service charge is in default.

Knightsbridge Residents Management  
Company Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2013

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.13	31.12.12
	£	£
Trade creditors	183,059	272,261
Payments in advance	3,267,868	3,025,234
Apartment owner deposits	2,149,092	2,051,054
Tax	13,749	6,737
Other creditors	525,680	100,000
Accrued expenses	<u>104,092</u>	<u>171,818</u>
	<u>6,243,540</u>	<u>5,627,104</u>

9. **OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	31.12.13	31.12.12
	£	£
Expiring:		
Within one year	-	5,011
In more than five years	<u>11,061</u>	<u>11,061</u>
	<u>11,061</u>	<u>16,072</u>

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13	31.12.12
			£	£
201	Ordinary B	£1	<u>201</u>	<u>201</u>

Knightsbridge Residents Management  
Company Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2013

**11. RESERVES**

	Profit and loss account £	Major capital projects reserve £	Capital expenditure reserve £	Sinking fund reserve £	Totals £
At 1 January 2013	298,872	-	308,652	278,540	886,064
Profit for the year	1,245,573				1,245,573
Transfer to reserves	(970,376)	374,400	225,076	370,900	-
Expenditure	-	(173,682)	(59,747)	(141,578)	(375,007)
Additional provision for future capital expenditure	<u>(220,201)</u>	<u>220,201</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>353,868</u>	<u>420,919</u>	<u>473,981</u>	<u>507,862</u>	<u>1,756,630</u>

In accordance with the resident leases the company maintain a sinking fund and a capital expenditure fund. The company holds the funds on behalf of the residents for long term planned maintenance expenditure in the case of the sinking fund and for special capital projects in the capital expenditure fund.

The lease allows the company to include charges for these funds in the annual service fee charge to build up the two funds. The company plans the amounts to be charged and retained to ensure that the residents can both enjoy the high quality facilities over time and be confident that the buildings are maintained to the highest quality as required of the Knightsbridge Residents and maintain the value of the apartments.

Due to the high level of costs on major maintenance and capital projects, which occur periodically, the funds have to grow to meet the potential future expenditure.

**12. ULTIMATE CONTROLLING PARTY**

As at 31 December 2013, the leaseholders are the ultimate controlling party as their ownership of the apartments entitle them to a shareholding of one share each.

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.13 £	31.12.12 £
Profit for the financial year	1,245,573	688,404
Expenditure from provisions	<u>(375,007)</u>	<u>(432,499)</u>
<b>Net addition to shareholders' funds</b>	870,566	255,905
Opening shareholders' funds	<u>886,265</u>	<u>630,360</u>
<b>Closing shareholders' funds</b>	<u>1,756,831</u>	<u>886,265</u>

**14. SETTLEMENT OF POTENTIAL LITIGATION**

The Company has been in a protracted legal dispute with third parties over alleged defects in the building. A final settlement was reached in 2013 with £507,570 shown in other creditors. This sum has been reported to the residents as part of the 2014 budget.