

Strategic Report, Report of the Directors and
Financial Statements
for the year ended 31 December 2014
for
Knightsbridge Residents Management
Company Limited

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**Knightsbridge Residents Management
Company Limited**

**Contents of the Financial Statements
for the year ended 31 December 2014**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditor	5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Cash Flow Statement	9
Notes to the Financial Statements	10

Knightsbridge Residents Management
Company Limited

Company Information
for the year ended 31 December 2014

DIRECTORS:

A D Tabor
R Twigden
C J E Barrass
G J Sharp
C S Gibson-Smith
I C Advaney

SECRETARY:

London Registrars Plc

REGISTERED OFFICE:

Suite A
6 Honduras Street
London
EC1Y 0TH

REGISTERED NUMBER:

05505563 (England and Wales)

AUDITOR:

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 2014

The directors present their strategic report for the year ended 31 December 2014.

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 £1,988,510 (2013: £1,756,630) as set out in note 12 are the key financial indicator for the company. The reserves have increased by 13% since the 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 principal risks and uncertainties facing the business.

Due to the nature of the business there are no significant risks. One specific area considered by the directors is cash flow relating to 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 to this, an additional risk considered was the company overspending the resident's monies and incurring liquidity issues. Ultimately this risk is short term as the leases prescribe that any overspend 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 2015 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 refurbishment due to maintain the high standards expected and where appropriate to provide enhancement. Projects include the completion of a significant upgrade to the security installations and CCTV, renewal of lighting and fire alarm systems. Furthermore, a major refurbishment of the car park is planned. The Knightsbridge Residents Management Company Limited directors expect the company to capitalise on the accomplishments of 2014 and to build on this in the year ahead, reinforcing the company's position as the market leader.

ON BEHALF OF THE BOARD:



.....
Mr C J E Barrass - Director

Date: 9 July 2015

Knightsbridge Residents Management
Company Limited

Report of the Directors
for the year ended 31 December 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

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 2014 (2013: £nil).

DIRECTORS

The directors, who served throughout the year except as noted, were as follows:

D B A Davis	- resigned 14.3.14
G J Renucci	- resigned 7.8.14
A D Tabor	
R Twigden	
C J E Barrass	
G J Sharp	
C S Gibson-Smith	- appointed 7.1.14
I C Advaney	

The beneficial interests of the directors holding office on 31 December 2014 in the issued share capital of the company were as follows:

	31.12.14	1.1.14 or date of appointment if later
Ordinary B £1 shares		
A D Tabor	2	2
R Twigden	1	1
C J E Barrass	-	-
G J Sharp	1	1
C S Gibson-Smith	1	1
I C Advaney	1	1

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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 the 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.

Knightsbridge Residents Management
Company Limited

Report of the Directors
for the year ended 31 December 2014

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 judgments and accounting 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; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

AUDITOR

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

ON BEHALF OF THE BOARD:



.....
Mr C J E Barrass - Director

Date: 9 July 2015

Report of the Independent Auditor 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 2014 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and related notes 1 to 15. 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 Auditor 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 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 Auditor.

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 2014 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.

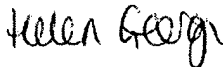
Opinion on other matter prescribed by the Companies Act 2006

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
2 New Street Square
London
EC4A 3BZ

Date: 9 July 2015

**Knightsbridge Residents Management
Company Limited**

**Profit and Loss Account
for the year ended 31 December 2014**

	Notes	31.12.14 £	31.12.13 £
TURNOVER		7,043,036	6,106,195
Administrative expenses	1	<u>(5,277,905)</u>	<u>(4,915,618)</u>
		1,765,131	1,190,577
Other operating income		<u>13,854</u>	<u>68,745</u>
OPERATING PROFIT	3	1,778,985	1,259,322
Interest receivable and similar income	4	<u>2</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,778,987	1,259,322
Tax on profit on ordinary activities	5	<u>(1,186)</u>	<u>(13,749)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,777,801</u>	<u>1,245,573</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 and previous year.

The notes form part of these financial statements

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

**Balance Sheet
31 December 2014**

	Notes	31.12.14 £	31.12.13 £
FIXED ASSETS			
Tangible assets	6	-	-
CURRENT ASSETS			
Debtors	7	2,424,549	2,776,147
Cash at bank and in hand	8	<u>6,853,114</u>	<u>5,224,224</u>
		9,277,663	8,000,371
CREDITORS			
Amounts falling due within one year	9	<u>7,289,153</u>	<u>6,243,540</u>
NET CURRENT ASSETS		<u>1,988,510</u>	<u>1,756,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,988,510</u>	<u>1,756,831</u>
NET ASSETS		<u>1,988,510</u>	<u>1,756,831</u>
CAPITAL AND RESERVES			
Called up share capital	11	201	201
Major capital projects reserve	12	173,721	420,919
Capital expenditure reserve	12	438,935	473,981
Sinking fund reserve	12	1,009,117	507,862
Profit and loss account	12	<u>366,536</u>	<u>353,868</u>
SHAREHOLDERS' FUNDS	15	<u>1,988,510</u>	<u>1,756,831</u>

The financial statements were approved by the Board of Directors on 9 July 2015 and were signed on its behalf by:



Mr 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 2014**

	Notes	31.12.14 £	31.12.13 £
Net cash inflow from operating activities	1	3,187,174	2,010,865
Returns on investments and servicing of finance	2	2	-
Reserve expenditure		(1,546,123)	(375,007)
Taxation		(12,164)	(6,737)
Increase in cash in the period		<u>1,628,890</u>	<u>1,629,121</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>1,628,890</u>	<u>1,629,121</u>
Change in net funds resulting from cash flows		<u>1,628,890</u>	<u>1,629,121</u>
Movement in net funds in the period		1,628,890	1,629,121
Net funds at 1 January		<u>5,224,224</u>	<u>3,595,103</u>
Net funds at 31 December		<u>6,853,114</u>	<u>5,224,224</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 2014**

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

	31.12.14	31.12.13
	£	£
Operating profit	1,778,985	1,259,322
Decrease in debtors	351,598	142,119
(Decrease)/increase in creditors	<u>1,056,591</u>	<u>609,424</u>
Net cash inflow from operating activities	<u>3,187,174</u>	<u>2,010,865</u>

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

	31.12.14	31.12.13
	£	£
Returns on investments and servicing of finance		
Interest received	<u>2</u>	<u>-</u>
Net cash inflow for returns on investments and servicing of finance	<u>2</u>	<u>-</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.14	Cash flow	At
	£	£	31.12.14
			£
Net cash:			
Cash at bank and in hand	<u>5,224,224</u>	<u>1,628,890</u>	<u>6,853,114</u>
Total	<u>5,224,224</u>	<u>1,628,890</u>	<u>6,853,114</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 2014

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 apartment's 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 68 (2013: 63):

The aggregate payroll costs were as follows:

	31.12.14	31.12.13
	£	£
Wages & salaries	1,987,700	1,940,422
Social security costs	251,168	215,971
Staff pensions	33,105	39,214
	<u>2,271,973</u>	<u>2,195,607</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.14	31.12.13
	£	£
Directors' remuneration	120,000	28,055
Directors' pension contribution	3,600	600
Fees paid to the auditor in respect of the audit of the company's accounts	23,820	23,820
Fees paid to the auditor in respect of other services	<u>2,900</u>	<u>2,900</u>

One director is enrolled in the pension scheme.

**Knightsbridge Residents Management
Company Limited**

**Notes to the Financial Statements - continued
for the year ended 31 December 2014**

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.12.14	31.12.13
	£	£
Interest on overpaid tax	2	-

5. TAXATION

Analysis of the tax charge

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

	31.12.14	31.12.13
	£	£
Current tax:		
UK corporation tax	2,771	13,749
Overprovision in 2013	<u>(1,585)</u>	<u>-</u>
 Tax on profit on ordinary activities	 <u>1,186</u>	 <u>13,749</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:

	31.12.14	31.12.13
	£	£
Profit on ordinary activities before tax	<u>1,778,987</u>	<u>1,259,322</u>
 Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013: 20%)	 355,797	 251,864
 Effects of: Income not taxable for tax purposes	 (353,026)	 (238,115)
 Current tax charge	 <u>2,771</u>	 <u>13,749</u>

6. 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.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.14	31.12.13
	£	£
Other debtors	2,192,607	2,574,021
Unpaid share capital	201	201
Accrued income	10,140	-
Prepayments	<u>221,601</u>	<u>201,925</u>
	<u>2,424,549</u>	<u>2,776,147</u>

**Knightsbridge Residents Management
Company Limited**

**Notes to the Financial Statements - continued
for the year ended 31 December 2014**

8. CASH AT BANK AND IN HAND

Knightsbridge Residents Management Company Limited has cash at bank and in hand of £6,853,114 (2013: £5,224,224). Of this £3,072,246 (2013: £2,243,979) is held in Trust bank accounts.

Deposits totalling £3,066,909 (2013: £2,149,092) are also held on behalf of the apartment owners. These funds can only be used where the payment of service charge is in default.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.14	31.12.13
	£	£
Trade creditors	461,803	183,059
Payments in advance	3,558,739	3,267,868
Apartment owner deposits	3,066,909	2,149,092
Tax	2,771	13,749
Other creditors	72,378	525,680
Accrued expenses	<u>126,553</u>	<u>104,092</u>
	<u>7,289,153</u>	<u>6,243,540</u>

Apartment owner deposits are held within the company's cash balance and therefore represents restricted cash from the company's perspective.

10. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year in relation to the lease of the print / fax, compactor and car park cleaning machines:

	Other operating leases 31.12.14	31.12.13
	£	£
Expiring: Within one year	<u>26,080</u>	<u>11,061</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.14	31.12.13
Number:	Class:	Nominal value:	£	£
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 2014**

12. RESERVES

	Profit and loss account £	Major capital projects reserve £	Capital expenditure reserve £	Sinking fund reserve £	Totals £
At 1 January 2014	353,868	420,919	473,981	507,862	1,756,831
Profit for the year	1,777,801				1,777,801
Transfer to reserves	(1,527,375)	600,000	150,000	777,375	-
Expenditure	-	(1,184,956)	(85,046)	(276,120)	(1,546,122)
Additional provision for future capital expenditure	(237,758)	337,758	(100,000)	-	-
At 31 December 2014	<u>366,536</u>	<u>173,721</u>	<u>438,935</u>	<u>1,009,117</u>	<u>1,988,510</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.

13. RELATED PARTY TRANSACTIONS

A D Tabor, R Twigden, G J Sharp, Dr C S Gibson-Smith and I C Advaney are shareholders of Knightsbridge Residents Management Company Limited and act as directors to the Company. D B A Davis and G J Renucci are shareholders of Knightsbridge Residents Management Company Limited and acted as directors to the Company during the year however have now resigned this position.

During the year the company invoiced a total of £277,588 (2013: £256,800) of service charges to its directors in respect of apartments, car park spaces and storage areas and fees for the provision of additional services provided. At the balance sheet date, £19,262 (2013: £130,670) of that total invoiced amount is included in debtors due within one year. All Related Parties transactions were conducted at arms' length, on normal commercial terms and in the ordinary course of business.

14. ULTIMATE CONTROLLING PARTY

As at 31 December 2014, the residents are the ultimate controlling party as their ownership of the apartments entitle them a shareholding of one share each.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.14 £	31.12.13 £
Profit for the financial year	1,777,801	1,245,573
Expenditure from provisions	(1,546,122)	(375,007)
Net addition to shareholders' funds	231,679	870,566
Opening shareholders' funds	<u>1,756,831</u>	<u>886,265</u>
Closing shareholders' funds	<u>1,988,510</u>	<u>1,756,831</u>