

Registration number: 05505563

Knightsbridge Residents Management Company Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Knightsbridge Residents Management Company Limited

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Knightsbridge Residents Management Company Limited

Company Information

Directors	C J E Barrass G L Dixon C S Gibson-Smith G J Sharp A D Tabor
Company secretary	London Registrars Ltd
Registered office	Suite A 6 Honduras Street London EC1Y 0TH
Bankers	HSBC Bank P.L.C. City of London Branch 60 Queen Victoria Street London EC4N 4TR
Auditors	MHA MacIntyre Hudson Chartered Accountants New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ

Knightsbridge Residents Management Company Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Fair review of the business

Throughout 2018 the Knightsbridge Residents Management Company Limited has continued to focus on enhancing its position as the market leader in the residential property sector. The company has an excellent reputation for overseeing the management of the premier luxury five star deluxe residential estate in London. Despite the company offering the very best bespoke and tailored residential services there are new entrants to the luxury residential market in London and the company strategy of retaining its enviable position remains crucial.

In 2018, further investment has been made into the infrastructure to ensure the best fire safety measures are in place as well as works having been undertaken to the comfort cooling system.

The company reserves of £3,621,826 (2017 - £2,961,369) are the key financial indicator for the company. The reserves are held by the company on behalf of the residents to meet in particular the planned expenditure on long term projects. The Board's strategy is to ensure that it holds one million in reserves. As the building ages the reserves will need to increase as the major plant renewal programme gets underway over the next five to ten years.

Principal risks and uncertainties

The directors have reviewed the principal risks and uncertainties facing the business which remain unchanged.

Due to the nature of the business there remain no significant risks. One specific area considered by the directors is cash flow relating to collection of resident debtors. As mitigation the Company continues to employ a third-party service provider to collect all debts. This third party service provider collects the debtors on a timely basis and as an agent will raise late payment charges and interest charges where appropriate to encourage timely payment.

An additional risk considered is the company overspending the residents' 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.

Knightsbridge Residents Management Company Limited

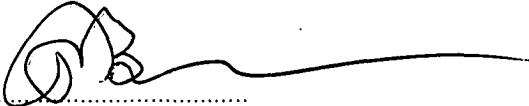
Strategic Report for the Year Ended 31 December 2018

Future developments

In 2019 the key project of extending the spa facility will come to fruition with the works due to be completed in 2020. The Company continues to monitor the market place with a view to finding other areas of the estate to provide further resident facilities in line with the building demand and maintaining the asset value.

The budget for the coming year has continued the trend of focussing on value for money on the provision of day-to-day services meanwhile collecting further funds to invest in the improvement and enhancement of the five-star deluxe services provided and the estate as a whole.

Approved by the Board on 9 May 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'C J E Barrass', written over a dotted line.

C J E Barrass
Director

Knightsbridge Residents Management Company Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors of the company

The directors who held office during the year were as follows:

C J E Barrass

G L Dixon

C S Gibson-Smith

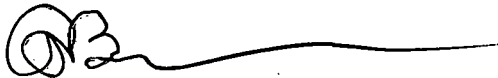
G J Sharp

A D Tabor

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 9 May 2019 and signed on its behalf by:



.....
C J E Barrass
Director

Knightsbridge Residents Management Company Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements 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 and in accordance with FRS 102. 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

Independent Auditor's Report to the Members of Knightsbridge Residents Management Company Limited

Opinion

We have audited the financial statements of Knightsbridge Residents Management Company Limited (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of 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 31 December 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Knightsbridge Residents Management Company Limited

Independent Auditor's Report to the Members of Knightsbridge Residents Management Company Limited

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], 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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Knightsbridge Residents Management Company Limited

**Independent Auditor's Report to the Members of Knightsbridge Residents
Management Company Limited**

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.



Andrew J Moyser FCCA ACA (Senior Statutory Auditor)

For and on behalf of MHA MacIntyre Hudson Chartered Accountants, Statutory Auditor

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

9 May 2019

Knightsbridge Residents Management Company Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	Total 31 December 2018 £	Total 31 December 2017 £
Service fee	3	<u>7,806,155</u>	<u>8,273,214</u>
Operational costs		(5,980,731)	(5,743,094)
Reserve contribution		<u>(1,825,425)</u>	<u>(2,530,119)</u>
Administrative expenses		(7,806,156)	(8,273,213)
Other operating income	4	28,287	29,542
Other operating expense		<u>-</u>	<u>(35,905)</u>
Operating profit/(loss)	5	<u>28,286</u>	<u>(6,362)</u>
Profit/(loss) before tax		28,286	(6,362)
Taxation	7	<u>(5,374)</u>	<u>(5,686)</u>
Profit/(loss) for the financial year		<u><u>22,912</u></u>	<u><u>(12,048)</u></u>

The above results were derived from continuing operations.

Knightsbridge Residents Management Company Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Profit/(loss) for the year		<u>22,912</u>	<u>(12,048)</u>
Total comprehensive income for the year		<u><u>22,912</u></u>	<u><u>(12,048)</u></u>

The notes on pages 15 to 20 form an integral part of these financial statements.

Knightsbridge Residents Management Company Limited

(Registration number: 05505563)

Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets		-	-
Current assets			
Debtors	9	3,625,035	2,907,605
Cash at bank and in hand		9,647,177	9,120,044
		13,272,212	12,027,649
Creditors: Amounts falling due within one year	11	(9,650,185)	(9,066,079)
Net current assets		3,622,027	2,961,570
Net assets		3,622,027	2,961,570
Capital and reserves			
Called up share capital	12	201	201
Capital expenditure reserve		66,979	17,693
Major capital projects reserve		2,792,608	1,776,404
Sinking fund reserve		346,933	774,878
Retained earnings		415,306	392,394
Total equity		3,622,027	2,961,570

Approved and authorised by the Board on 9 May 2019 and signed on its behalf by:



C J E Barrass

Director

The notes on pages 15 to 20 form an integral part of these financial statements.

Knightsbridge Residents Management Company Limited
Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Capital expenditure reserve £	Major capital projects reserve £	Sinking fund reserve £	Retained earnings and Service charges £	Total £
At 1 January 2018	201	17,693	1,776,404	774,878	392,394	2,961,570
Profit for the year	-	-	-	-	22,912	22,912
Adjustment for provisions	-	-	-	-	1,855,958	1,855,958
Transfer to reserves	-	357,916	1,300,000	167,509	(1,825,425)	-
Total comprehensive income	-	357,916	1,300,000	167,509	53,445	1,878,870
Additional provisions	-	-	30,533	-	(30,533)	-
Expenditure	-	(308,630)	(314,329)	(595,454)	-	(1,218,413)
At 31 December 2018	201	66,979	2,792,608	346,933	415,306	3,622,027
	Share capital £	Capital expenditure reserve £	Major capital projects reserve £	Sinking fund reserve £	Retained earnings £	Total £
At 1 January 2017	201	290,515	830,746	1,865,781	404,442	3,391,685
Loss for the year	-	-	-	-	(12,048)	(12,048)
Adjustment for provisions	-	-	-	-	2,532,550	2,532,550
Transfer to reserves	-	205,810	607,527	1,716,782	(2,530,119)	-
Total comprehensive income	-	205,810	607,527	1,716,782	(9,617)	2,520,502
Adjustments to reserves	-	-	1,000,000	(1,000,000)	-	-
Additional provisions	-	-	2,432	-	(2,432)	-
Expenditure	-	(478,632)	(664,301)	(1,807,685)	-	(2,950,618)

The notes on pages 15 to 20 form an integral part of these financial statements.
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Knightsbridge Residents Management Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Capital expenditure reserve £	Major capital projects reserve £	Sinking fund reserve £	Retained earnings £	Total £
At 31 December 2017	<u>201</u>	<u>17,693</u>	<u>1,776,404</u>	<u>774,878</u>	<u>392,394</u>	<u>2,961,570</u>

The notes on pages 15 to 20 form an integral part of these financial statements.
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Knightsbridge Residents Management Company Limited

Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit/(loss) for the year		22,912	(12,048)
Adjustments to cash flows from non-cash items			
Adjustment for provisions		1,855,958	2,532,550
Reserve expenditure		(1,218,413)	(2,950,617)
Income tax expense	7	<u>5,374</u>	<u>5,686</u>
		665,831	(424,429)
Working capital adjustments			
(Increase)/decrease in trade debtors	9	(717,430)	813,478
Increase in trade creditors	11	196,939	434,977
Increase/(decrease) in income in advance		<u>387,478</u>	<u>(233,602)</u>
Cash generated from operations		532,818	590,424
Income taxes paid	7	<u>(5,685)</u>	<u>(5,409)</u>
Net cash flow from operating activities		<u>527,133</u>	<u>585,015</u>
Net increase in cash and cash equivalents		527,133	585,015
Cash and cash equivalents at 1 January		<u>9,120,044</u>	<u>8,535,029</u>
Cash and cash equivalents at 31 December		<u><u>9,647,177</u></u>	<u><u>9,120,044</u></u>

The notes on pages 15 to 20 form an integral part of these financial statements.

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office is:

Suite A
6 Honduras Street
London
EC1Y 0TH
England

These financial statements were authorised for issue by the Board on 9 May 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

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

Going concern

After reviewing the plans and budget for the forthcoming year along with the 25 year plan the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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. Turnover is received wholly within the United Kingdom.

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Tax

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.

Tangible assets

The company holds some fixed assets on behalf of the residents; however these are taken straight to the Statement of Comprehensive Income and are not held on the Statement of Financial Position. It is deemed that although the company purchases the assets ultimately they are property of the residents.

Cash and cash equivalents

The balance disclosed as cash at bank and in hand includes cash held and cash equivalents.

Trade debtors

Short term debtors are measured at transaction price, less any impairment.

Trade creditors

Short term creditors are measured at the transaction price.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event. It is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Reserves

The reserves include the Service Fee collected from the residents, as per the agreed upon budget, less the actual expenditure incurred in the year allocated to each reserve.

Leases

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the lease term.

Defined contribution pension obligation

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018	2017
	£	£
Service fee	<u>7,806,155</u>	<u>8,273,214</u>

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £	2017 £
Other operating income	<u>28,287</u>	<u>29,542</u>

5 Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Operating lease costs	3,814	2,780
Directors' remuneration	211,345	158,220
Directors' pension	7,035	3,900
Fees paid to the auditor in respect of the audit of the company's accounts	16,500	16,000
Fees paid to the auditor in respect of other services	<u>2,800</u>	<u>2,700</u>

6 Staff costs

The aggregate payroll costs including directors were as follows:

	2018 £	2017 £
Wages & salaries	2,685,785	2,470,978
Social security costs	289,185	255,584
Staff pensions	110,118	42,227
	<u>3,085,088</u>	<u>2,721,559</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year are per the above table, there were no outstanding balances at the year end.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration and support	<u>71</u>	<u>69</u>

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	<u>5,375</u>	<u>5,686</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2017 - 19.25%).

	2018 £	2017 £
Profit/(loss) before tax	<u>28,286</u>	<u>(6,362)</u>
Corporation tax at standard rate	5,375	(1,225)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>6,911</u>
Total tax charge	<u>5,375</u>	<u>5,686</u>

8 Tangible assets

The company holds the freehold of 199 Knightsbridge which is 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.

9 Debtors

	2018 £	2017 £
Prepayments	235,001	218,252
Service fee receivable	3,389,833	2,689,152
Called up share capital not paid	<u>201</u>	<u>201</u>
Total current trade and other debtors	<u>3,625,035</u>	<u>2,907,605</u>

10 Cash and cash equivalents

Knightsbridge Residents Management Company Limited has cash at bank and in hand and cash equivalents of £9,647,177 (2017 - £9,120,044). Included within this balance are deposits totalling £4,563,455 (2017 - £4,278,964) which are 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 for the Year Ended 31 December 2018

11 Creditors

	Note	2018 £	2017 £
Due within one year			
Trade creditors		314,010	358,386
Other payables		4,731,978	4,497,543
Accrued expenses		308,339	301,459
Income tax liability	7	5,375	5,686
Deferred income		4,290,483	3,903,005
		<u>9,650,185</u>	<u>9,066,079</u>

12 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary B Shares of £1 each	<u>201</u>	<u>201</u>	<u>201</u>	<u>201</u>

13 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	<u>3,814</u>	<u>510</u>
	<u>3,814</u>	<u>510</u>

14 Reserves

In accordance with the resident leases the company maintains reserves with the primary function of allowing the residents to enjoy high quality facilities now and in the future. The lease allows the company to include charges to the residents in the annual service charge to maintain these reserves at an appropriate level to meet the expenditure required.

This expenditure is assessed on the basis of a rolling 25 year plan as updated by management and a third party surveyor. The reserves are categorised as either sinking fund reserve which aims to meet the long term planned maintenance or capital reserves which are for special capital projects.

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

15 Parent and ultimate parent undertaking

The ultimate controlling party is the residents, as their ownership of the apartments entitle them a shareholding of one share each.