

Knight Dragon M0114B Limited

Directors' report and financial statements

Registered number 08434872
For the year ended 31 March 2021

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Knight Dragon M01148 Limited
Directors' report and financial statements
For the year ended 31 March 2021

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2021.

Principal activities

Knight Dragon M0114B Limited (the "Company") is a private limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Level 9, 6 Mitre Passage, Greenwich Peninsula, London, SE10 0ER.

The principal activity is investment in a residential property development limited liability partnership, Knight Dragon M0114 LLP.

Business review

Knight Dragon M0114B Limited owns 50% of Knight Dragon M0114 LLP. Plot M0114 comprises a total of 201 private and affordable units. The 109 affordable units were handed over to a registered provider of affordable housing and the sales of all 92 private units were completed by 31 March 2017. In the period since then, the Partnership managed the building.

The results of the Company for the year are set out on page 7.

Covid-19

Covid-19 continues to be a situation of concern and continues to adversely impact global commercial activities. However, the progress that has been made to combat the pandemic, in particular the global vaccination rollout, will hopefully enable more typical market conditions to return.

The directors continue to monitor developments relating to Covid-19 and will continue to adjust the Company's operational response in line with existing business continuity plans and on guidance from global health organisations, government bodies and general pandemic response best practices.

Going concern

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis for the reasons set out in note 1 in the accounting policies.

Financial risk management objectives and policies

The directors do not consider there to be any significant financial risks facing the Company.

Directors and directors' interests

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

J Rann
R Margree

Neither of the directors who held office at the end of the financial year had any disclosable interest in group undertakings as recorded in the register of directors' interests. No other directors served during the year.

Directors' indemnities

The Company's immediate parent maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors or employees of the Company or of any associated company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office.

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

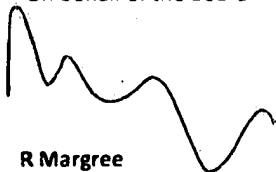
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board



R Margree
Director

Level 9, 6 Mitre Passage
Greenwich Peninsula, London
SE10 0ER

13 August 2021

Independent auditor's report to the members of Knight Dragon M0114B Limited

Opinion

We have audited the financial statements of Knight Dragon M0114A Limited ("the company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent auditor's report to the members of Knight Dragon M0114B Limited *(continued)*

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company has no revenue.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance.

Independent auditor's report to the members of Knight Dragon M0114B Limited (continued)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Knight Dragon M0114B Limited
(continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



Craig Steven-Jennings (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
13 August 2021

Statement of comprehensive income
for the year ended 31 March 2021


	<i>Note</i>	2021 £	2020 £
Administrative expenses		(520)	(2,156)
Member's share of (losses)/profits allocated by the joint venture		(41,473)	822
Loss before tax		(41,993)	(1,334)
Taxation	5	-	-
Total comprehensive loss		(41,993)	(1,334)

There were no gains or losses other than those recognised in the statement of comprehensive income.

Statement of financial position
at 31 March 2021

	Note	2021 £	2020 £
Non-current assets			
Investment in joint venture	6	-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	7	204,528	246,001
Total current assets		204,528	246,001
Total assets		204,528	246,001
Current liabilities			
Trade and other payables	8	(12,972)	(12,452)
Total current liabilities		(12,972)	(12,452)
Total liabilities		(12,972)	(12,452)
Net assets		191,556	233,549
Equity			
Share capital	9	1	1
Retained earnings		191,555	233,548
Total equity		191,556	233,549

These financial statements were approved by the board of directors on 13 August 2021 and were signed on its behalf by:



J Rann
Director

Registered number 08434872

Statement of changes in equity
for the year ended 31 March 2021

	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	1	233,548	233,549
Total comprehensive loss			
Loss for the year	-	(41,993)	(41,993)
Balance at 31 March 2021	1	191,555	191,556

	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	1	234,882	234,883
Total comprehensive loss			
Loss for the year	-	(1,334)	(1,334)
Balance at 31 March 2020	1	233,548	233,549

Notes on pages 10 to 14 form part of the financial statements

Notes to the financial statements

1. Accounting policies

Knight Dragon M0114B Limited ("the Company") is a private company limited by shares incorporated, domiciled and registered in England and Wales in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's immediate parent undertaking, Knight Dragon Investments Limited ("KDIL") includes the Company in its consolidated financial statements. The consolidated financial statements of KDIL are prepared in accordance with international accounting standards and are available to the public and may be obtained from Level 9, 6 Mitre Passage, Greenwich Peninsula, London SE10 0ER.

These financial statements are presented in GBP Sterling, which is the currency of the primary economic environment in which the Company operates.

FRS101 Disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of cash flows and related notes;
- Disclosures in respect of transactions with other wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of the immediate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Measurement convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Notes to the financial statements *(continued)*

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided by its immediate parent company, KDIL. KDIL has indicated its intention to provide necessary funding for the continuing operations of the Company. KDIL has prepared cash flow forecasts for the 18 months ending 30 September 2022 which indicate that, based on current forecasts, the group headed by KDIL ("the Group") is dependent for its working capital on funds provided by the KDIL's immediate parent company Knight Dragon Limited. Knight Dragon Limited has indicated its intention not to seek repayment of the amounts due until the Group is in a position to do so and, should the need arise, to provide necessary funding for the continuing operations of the Group. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities when they fall due for payment.

When assessing the ability of the Group to operate as a going concern, the directors of KDIL have applied additional caution to assumptions of the key inputs of the cash flow forecasts and have reviewed sensitivities around possible 'severe but plausible downside' scenarios.

Covid-19 continues to be a situation of concern and continues to adversely impact global commercial activities. However, the progress that has been made to combat the pandemic, in particular the global vaccination rollout, will hopefully enable more typical market conditions to return.

As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of the approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant judgements, estimates and assumptions

The directors do not consider there to be any significant judgements, estimates or assumptions material to these financial statements.

Financial instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets consist of trade and other receivables which are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Appropriate estimates for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the contractual rights to the cashflows are transferred to a third party.

Financial liabilities

Financial liabilities consist of trade and other payables and interest-bearing loans which are initially measured at fair value and subsequently measured at amortised cost.

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled or expire.

Notes to the financial statements (continued)

Investments and share of JV profit or loss

Investments in joint ventures are stated at cost less, where appropriate, provisions for impairment. The Company's share in profit or loss from the joint venture is recognised in the statement of comprehensive income when the Company has a right to receive the income and a reliable estimate can be made.

The Company is not liable for any losses in excess of capital invested and previously accumulated profits not yet paid to the Company.

Taxation

Tax on the result for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2. Remuneration of directors

The directors did not receive any remuneration from the Company for their services during the year (2020: £nil).

3. Staff numbers and costs

The Company did not directly employ any staff including directors during the period (2020: nil).

4. Expenses and auditor's remuneration

	2021 £	2020 £
Fee payable to the Company auditor for the audit of the financial statements	2,520	2,040

There were no non-audit services from the auditors (2020: £nil).

5. Taxation

Reconciliation of effective tax rate:

	2021 £	2020 £
Loss before tax	(41,993)	(1,334)
Tax using the effective UK corporation tax rate of 19% (2020: 19%)	7,979	253
Group relief	(7,979)	(253)
Total tax in the statement of comprehensive income	-	-

Notes to the financial statements *(continued)*

6. Investment in Joint Venture

The Company is a member of Knight Dragon MO114 LLP ("the LLP"), a Limited Liability Partnership registered in England & Wales. The registered office of the LLP is Level 9, 6 Mitre Passage, Greenwich Peninsula, London SE10 0ER.

Under the terms of the partnership agreement, the Company is entitled to receive 50% of the profits generated by the LLP. The LLP is controlled jointly by the Company and Knight Dragon MO114A Limited.

7. Trade and other receivables

	2021 £	2020 £
Member's share of profits allocated by Knight Dragon MO114 LLP	<u>204,528</u>	<u>246,001</u>

The fair value of trade and other receivables approximates to the book value.

Amounts due from Knight Dragon MO114 LLP are unsecured, non-interest bearing and receivable on demand.

8. Trade and other payables

	2021 £	2020 £
Accruals	4,675	4,155
Amounts due to group companies	8,297	8,297
	<u>12,972</u>	<u>12,452</u>

The fair value of trade and other payables approximates to the book value.

Amounts due to group companies are unsecured, non-interest bearing and are payable on demand.

9. Share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. There are no associated rights or preferences relating to the shares.

10. Subsequent events

In connection with the preparation of the accompanying financial statements as at 31 March 2021, management has evaluated the impact of all subsequent events on the Company through to 13 August 2021, the date the financial statements were available to be issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

Notes to the financial statements (*continued*)

11. Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company's immediate parent company is Knight Dragon Investments Limited, a company registered in England & Wales whose registered office is Level 9, 6 Mitre Passage, Greenwich Peninsula, London SE10 0ER. The results of the Company are consolidated in the group headed by Knight Dragon Investments Limited. The consolidated financial statements of this group may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.

The Company's results are also included within the consolidated financial statements of Chow Tai Fook Enterprises Limited (incorporated and registered in Hong Kong), which is the largest group which prepares consolidated accounts within which the Company is a member. The registered office of Chow Tai Fook Enterprises Limited is 38/F New World Tower, 16-18 Queens Road Central, Hong Kong.

The ultimate parent undertakings and controlling parties are Cheng Yu Tung Family (Holdings) Limited (incorporated and registered in the British Virgin Islands) and Cheng Yu Tung Family (Holdings II) Limited (incorporated and registered in the British Virgin Islands). The registered office address of both companies is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands.