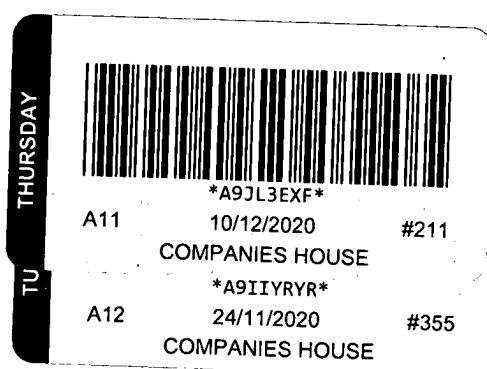


K&C (NEWBURY) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020



K&C (NEWBURY) LTD

COMPANY INFORMATION

Directors

D A White
R J Naylor
R J Boon

Company number

08654998 (England and Wales)

Registered office

Gladstone House
77-79 High Street
Egham, Surrey
TW20 9HY

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors

Fladgate LLP
16 Great Queen Street
London
WC2B 5DG

K&C (NEWBURY) LTD

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K&C (NEWBURY) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report with the financial statements of the Company for the year ended 30 June 2020.

Going concern

The directors have adopted the going concern basis in preparing the financial statements. This is further explained in the notes to the financial statements.

Principal activities

Since the Company sold all of the properties in its portfolio, it has been effectively dormant.

Results and dividends

The directors do not recommend payment of a dividend for the year (2019 - £nil).

Directors

The following directors served during the year to 30 June 2020 and up to the date of approval of the financial statements:

Name

Dominic White - appointed 6 August 2019

Russell Naylor - appointed 6 August 2019

Richard Boon - appointed 6 August 2019

Oliver Vaughan - resigned 6 August 2019

Timothy James - resigned 6 August 2019

James Cane - resigned 6 August 2019

Timothy Oakley - resigned 6 August 2019

Christopher James - resigned 6 August 2019

Risk Management

In the normal course of the business, the Company is exposed to a variety of financial risks that have the potential to have material effect on the Company's financial performance.

The Company's overall risk-management programme seeks to minimise the potentially adverse effect of risk on the Company's financial performance in a manner consistent with the Company's investment objective. The principal categories of risk identified by the Board are credit, liquidity and market risks. The Company's financial risk management and mitigation policies are set out in the notes to the financial statements.

Post reporting date events

There are no post balance sheet events to disclose for the Company.

Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

K&C (NEWBURY) LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Small Company Provision

In preparing this report, the directors have taken advantage of the small companies exemption in Part 15 of the Companies Act 2006.

On behalf of the board



D.A. WHITE
Director

14 October 2020

K&C (NEWBURY) LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF K&C (NEWBURY) LTD

Opinion

We have audited the financial statements of K&C (Newbury) Limited ("the Company") for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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.

We have nothing to report in this regard.

K&C (NEWBURY) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF K&C (NEWBURY) LTD

Opinions on other matters 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibility statement, 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

K&C (NEWBURY) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF K&C (NEWBURY) LTD

Use of our report

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.



Paul Fenner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory auditor
Birmingham
United Kingdom

16 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

K&C (NEWBURY) LTD

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Note	£	£
Administrative expenses		(175)	-
		<hr/>	<hr/>
Operating (loss)/profit		(175)	-
Taxation	7	-	-
		<hr/>	<hr/>
(Loss)/profit and total comprehensive income for the year		(175)	-
		<hr/>	<hr/>

Other Comprehensive Income

There is no other comprehensive income and accordingly no statement of other comprehensive income is issued.

K&C (NEWBURY) LTD

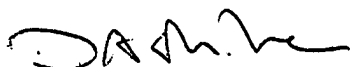
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Current assets			
Cash and cash equivalents		-	175
Total assets		-	175
Net current assets		-	175
Total liabilities		-	-
Net assets		-	175
Equity			
Called up share capital	9	75,000	75,000
Retained earnings		(75,000)	(74,825)
Total equity		-	175

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006.

The financial statements were approved by the board of directors and authorised for issue on 14 October 2020 and are signed on its behalf by:



D.A. WHITE
Director

Company Registration No. 08654998

K&C (NEWBURY) LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 July 2018	75,000	(74,825)	175
Total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	75,000	(74,825)	175
	<hr/>	<hr/>	<hr/>
Year ended 30 June 2020:			
Loss and total comprehensive income for the year	-	(175)	(175)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2020	75,000	(75,000)	-
	<hr/>	<hr/>	<hr/>

K&C (NEWBURY) LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash absorbed by operations	13	(175)	-
		—	—
Net cash outflow from operating activities		(175)	-
		—	—
Net (decrease)/increase in cash and cash equivalents		(175)	-
Cash and cash equivalents at beginning of year		175	175
		—	—
Cash and cash equivalents at end of year		-	175
		—	—

K&C (NEWBURY) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting conventions

Company information

K&C (Newbury) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company information page.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

Basis of preparation

These financial statements have been prepared on the historical cost basis.

Functional and presentational currency

The financial statements are presented in Pounds Sterling ("GBP"), which is the Company's functional and presentational currency.

1.1 Going concern

The financial statements have been prepared on a going concern basis. This requires the directors to consider, as at the date of approving the financial statements, that there is reasonable expectation that the Company has adequate financial resources to continue to operate, and to meet its liabilities as they fall due for payment, for at least twelve months following the approval of the financial statements.

The Company has undertaken procedures to ensure that the Company has sufficient cash resources and bank facilities and with sufficient covenant margin to manage the potential financial impact of the Covid-19 pandemic on its business under going concern principles. These procedures included the following:

- Reviewing and establishing that cash balances and bank facilities are sufficient to cover at least twelve months of operations; and
- Reviewing cash flow forecast scenarios. Any decision on property acquisitions and developments in the next twelve months will be taken following review of revised cash flow forecasts.

In the light of the results of the procedures described above, the directors consider that the adoption of the going concern basis is reasonable and appropriate.

1.2 Cash and cash equivalents

Cash and cash equivalents comprises balances with banking institutions.

1.3 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

1.4 Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. As a member of a REIT group, the Company is generally not liable to corporation tax.

K&C (NEWBURY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

2 Adoption of new and revised standards and changes in accounting policies

The Company has applied the following accounting standards that are mandatorily effective for accounting periods commencing on or after 1 January 2019:

IFRS 16 Leases

The application of this standard has not had a material impact on the amounts reported in these financial statements.

Changes in accounting policies for standards implemented in the year are as follows:

IFRS 16 Leases

IFRS 16 was adopted on 1 January 2019 without restatement of comparative figures. No transitional adjustments were required upon adoption.

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where:

- A right of use asset and lease liability is recognised on the statement of financial position, initially measured at the present value of future lease payments;
- Depreciation of right-of-use assets and interest on lease liabilities are recognised in the statement of comprehensive income;

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company did not have any operating leases in place during the 2020 financial year.

K&C (NEWBURY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

As at 30 June 2020, the Company has not applied the following new and revised standards that have been issued but are not yet effective:

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 3: Definition of a business

Amendments to IAS 1 and IAS 8: Definition of Material

The directors do not anticipate that the adoption of the above new and revised standards will have a significant impact on the financial statements of the Company in future periods.

3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future years affected.

The directors do not believe, given the status of the Company, that there are any significant estimates or judgements.

4 Segmental Reporting

The Company was involved in UK property ownership and letting and was considered to operate in a single geographical and business segment. Since the Company sold all of the properties in its portfolio it has been effectively dormant.

5 Profit before taxation

Auditors' remuneration is borne by the parent company.

6 Employees

There were no staff costs or directors' remuneration for the year ended 30 June 2020 (2019 - £nil).

7 Taxation

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2020 (2019 - £nil).

Factors affecting the tax expense

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

K&C (NEWBURY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7 Taxation

	2020 £	2019 £
Loss before taxation	(175)	-
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(33)	-
Unutilised tax losses carried forward	33	-
Taxation charge for the year	-	-

8 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	-	175

9 Share capital

	2020 £	2019 £
Ordinary share capital		
<i>Issued and fully paid</i>		
15,000,000 Ordinary shares of 0.5p each	75,000	75,000

All shares rank parri passu for the purposes of dividends, voting and return on capital.

K&C (NEWBURY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

10 Financial instruments

The Company's directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Capital management

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations.

The Company considers its capital to comprise equity capital less accumulated losses.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum credit exposure. the maximum exposure to credit risk is as reported in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as interest rate and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

11 Post balance sheet events

There are no post balance sheet events to disclose in this Company.

K&C (NEWBURY) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12 Ultimate parent company

The Company is a wholly owned subsidiary of KCR Residential REIT plc. The registered office of the parent company is Gladstone House, 77-79 High Street, Egham, Surrey, TW20 9HY.

The parent undertakings produces consolidated accounts which incorporate the results of K&C (Newbury) Limited and can be obtained from the registered office or from www.kcrreit.com.

13 Cash absorbed by operations

	2020 £	2019 £
Loss for the year after tax	(175)	-
	<hr/>	<hr/>
Cash absorbed by operations	(175)	-
	<hr/>	<hr/>