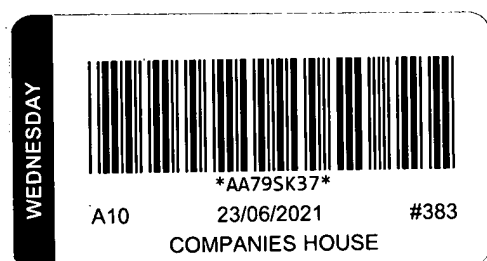


Registration number: 05505563

Knightsbridge Residents Management Company Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020



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 Mr A D Tabor-King
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 2 London Wall Place London EC2Y 5AU

Knightsbridge Residents Management Company Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Fair review of the business

2020 has been a challenging year for Knightsbridge Residents Management Company Limited as it has for many businesses and individuals due to the impact of Covid-19. The company has continued to focus on enhancing its position as the market leader in the residential property sector against a backdrop of implementing Covid-19 measures to keep residents and staff safe and dealing with the changing costs during the pandemic. 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 2020 the company has been completing the major Spa refurbishment that has been delayed during the year due to the impact of Covid-19. The Spa project opened in 2021 and has enhanced the experience of the residents.

The company reserves of £1,342,112 (2019 - £2,912,177) are the key financial indicator for the company. The reserves are held by the company on behalf of the residents to meet the planned expenditure on long term projects. The reserves have dropped this year as a result of the ongoing Spa project. The stop start nature of this project caused by Covid-19 measures and the impact on procurement has led to delay in the final completion of the project which is now open in early 2021. Other projects have been put on hold in 2020 due to Covid-19 and will be recommenced in the forthcoming year. 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. Appropriate professional indemnity insurance is in place for the benefit of the directors.

Knightsbridge Residents Management Company Limited

Strategic Report for the Year Ended 31 December 2020

Future developments

In 2021 focus is on the successful launch of the Spa project with inhouse personal training to be provided giving the company a best-in-class residential Spa experience.

In the wake of Grenfell fire safety projects continue to protect the residents safety and should be completed in 2021. As above, other projects that have been put on hold due to Covid-19 are due to be recommenced.

The Covid-19 pandemic will undoubtedly continue to have short and medium-term impacts on the business and the residents but there is no reason to see any changes in the business which will continue to operate as a five-star environment for the residents.

The annual budget for the coming year, as in previous years, continues to focus 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 13 May 2021 and signed on its behalf by:



.....
C J E Barrass
Director

Knightsbridge Residents Management Company Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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

Mr A D Tabor-King

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 13 May 2021 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 are 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 2020, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 15, 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 2020 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviewing the entity's budget for 2021, as well as their 25 year plan.

Based on the works we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Knightsbridge Residents Management Company Limited

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

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has 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 Strategic Report or 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Knightsbridge Residents Management Company Limited

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

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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to access compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

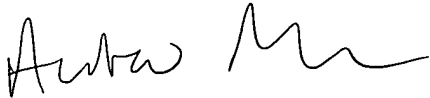
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Knightsbridge Residents Management Company Limited

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

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.



.....
Andrew J Moyser FCA FCCA
Senior Statutory Auditor
For and on behalf of
MHA MacIntyre Hudson
Statutory Auditor

2 London Wall Place
London
EC2Y 5AU

13 May 2021

Knightsbridge Residents Management Company Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Service fee	3	<u>9,150,914</u>	<u>8,580,894</u>
Operational costs		(6,598,687)	(6,022,325)
Reserve contribution		<u>(2,626,965)</u>	<u>(2,558,569)</u>
Administrative expenses		(9,225,652)	(8,580,894)
Other operating income		25,650	51,085
Other income	4	<u>74,738</u>	-
Operating profit	5	<u>25,650</u>	<u>51,085</u>
Profit before tax		25,650	51,085
Taxation	7	<u>(1,743)</u>	<u>5,375</u>
Profit for the financial year		<u><u>23,907</u></u>	<u><u>56,460</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 2020

	2020	2019
	£	£
Profit for the year	<u>23,907</u>	<u>56,460</u>
Total comprehensive income for the year	<u>23,907</u>	<u>56,460</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

(Registration number: 05505563)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	8	-	-
		-	-
Current assets			
Debtors	9	3,766,584	4,389,283
Cash at bank and in hand	10	8,441,827	9,076,955
		12,208,411	13,466,238
Creditors: Amounts falling due within one year	11	(10,866,098)	(10,553,860)
Net current assets		1,342,313	2,912,378
Net assets		1,342,313	2,912,378
Capital and reserves			
Called up share capital	12	201	201
Capital expenditure reserve		47,014	89,499
Major capital projects reserve		714,494	1,834,955
Sinking fund reserve		84,931	515,957
Retained earnings		495,673	471,766
Total equity		1,342,313	2,912,378

Approved and authorised by the Board on 13 May 2021 and signed on its behalf by:



C J E Barrass
Director

Knightsbridge Residents Management Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Capital expenditure reserve £	Major capital projects reserve £	Sinking fund reserve £	Retained earnings and Service charges £	Total £
At 1 January 2020	201	89,499	1,834,955	515,957	471,766	2,912,378
Profit for the year	-	-	-	-	23,907	23,907
Service fee less core expenditure	-	-	-	-	3,220,748	3,220,748
Service fee to reserves	-	368,018	1,564,570	694,377	(2,626,985)	-
Total comprehensive income	-	368,018	1,564,570	694,377	617,690	3,244,655
Movement in reserves	-	(150,000)	1,618,783	(875,000)	(593,783)	-
Reserve expenditure	-	(260,503)	(4,303,814)	(250,403)	-	(4,814,720)
At 31 December 2020	201	47,014	714,494	84,931	495,673	1,342,313
	Share capital £	Capital expenditure reserve £	Major capital projects reserve £	Sinking fund reserve £	Retained earnings £	Total £
At 1 January 2019	201	66,979	2,792,608	346,933	415,306	3,622,027
Profit for the year	-	-	-	-	56,460	56,460
Service fee less core expenditure	-	-	-	-	2,626,667	2,626,667
Service fee to reserves	-	369,585	1,519,000	669,986	(2,558,571)	-
Total comprehensive income	-	369,585	1,519,000	669,986	124,556	2,683,127
Movement in reserves	-	-	68,096	-	(68,096)	-
Reserve expenditure	-	(347,065)	(2,544,749)	(500,962)	-	(3,392,776)
At 31 December 2019	201	89,499	1,834,955	515,957	471,766	2,912,378

The notes on pages 15 to 20 form an integral part of these financial statements.
Page 13

Knightsbridge Residents Management Company Limited

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		23,907	56,460
Adjustments to cash flows from non-cash items			
Adjustment for provisions		3,220,748	2,626,667
Reserve expenditure		(4,814,720)	(3,392,776)
Corporate tax expense	7	1,743	(5,375)
		(1,568,322)	(715,024)
Working capital adjustments			
Decrease/(increase) in trade debtors	9	626,231	(758,873)
Increase in trade creditors	11	312,238	624,076
Increase in income in advance		-	284,974
Cash generated from operations		(629,853)	(564,847)
Corporate taxes paid	7	(5,275)	(5,375)
Net cash flow from operating activities		(635,128)	(570,222)
Net decrease in cash and cash equivalents		(635,128)	(570,222)
Cash and cash equivalents at 1 January		9,076,955	9,647,177
Cash and cash equivalents at 31 December		8,441,827	9,076,955

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 2020

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

These financial statements were authorised for issue by the Board on 13 May 2021.

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 consider the freehold has a market value of nil, as the value and ownership rests with the apartment owners.

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 2020

Significant accounting estimates and critical accounting judgements

There have been no significant accounting estimates or critical accounting judgements in the year.

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.

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

3 Revenue

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

	2020 £	2019 £
Service fee	<u>9,150,914</u>	<u>8,580,894</u>

4 Other income

	2020 £	2019 £
Job retention scheme income	74,738	-

5 Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Operating lease costs	1,908	2,290
Directors' remuneration	206,534	204,778
Directors' pension	8,775	8,767
Fees paid to the auditor in respect of the audit of the company's accounts	16,830	16,850
Fees paid to the auditor in respect of other services	2,856	2,835
	<u>236,903</u>	<u>235,520</u>

6 Staff costs

The aggregate payroll costs including directors were as follows:

	2020 £	2019 £
Wages & salaries	2,406,239	2,626,727
Social security costs	269,954	278,943
Staff pensions	112,305	122,239
	<u>2,788,497</u>	<u>3,027,909</u>

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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:

	2020 No.	2019 No.
Administration and support	<u>62</u>	<u>68</u>

The key management personnel of the company are comprised of the directors.

7 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	1,181	(5,375)
UK corporation tax adjustment to prior periods	<u>562</u>	<u>-</u>
	<u>1,743</u>	<u>(5,375)</u>

	2020 £	2019 £
Profit before tax	<u>25,650</u>	<u>51,085</u>
Corporation tax at standard rate	4,874	(5,375)
Effect of revenues exempt from taxation	(3,693)	-
Increase in UK and foreign current tax from adjustment for prior periods	<u>562</u>	<u>-</u>
Total tax charge/(credit)	<u>1,743</u>	<u>(5,375)</u>

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

The Directors consider the freehold has a market value of nil, as the value and ownership rests with the apartment owners.

9 Debtors

	Note	2020 £	2019 £
Prepayments		536,631	353,972
Corporate tax asset	7	8,907	5,375
Service fee receivable		3,220,845	4,029,735
Called up share capital not paid		201	201
Total current trade and other debtors		<u>3,766,584</u>	<u>4,389,283</u>

10 Cash and cash equivalents

Knightsbridge Residents Management Company Limited has cash at bank and in hand and cash equivalents of £8,441,827 (2019 - £9,076,955). Included within this balance are deposits totalling £5,182,149 (2019 - £4,947,883) which are held on behalf of the apartment owners. These funds can only be used where the payment of service charge is in default.

11 Creditors

	2020 £	2019 £
Due within one year		
Trade creditors	409,268	644,922
Other payables	5,378,490	5,157,692
Accruals	502,883	175,789
Deferred income	4,575,457	4,575,457
	<u>10,866,098</u>	<u>10,553,860</u>

Knightsbridge Residents Management Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Share capital

Allotted and called up shares

	2020		2019	
	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:

	2020	2019
	£	£
Not later than one year	2,290	2,290
Later than one year and not later than five years	<u>1,717</u>	<u>4,007</u>
	<u>4,007</u>	<u>6,297</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.

15 Parent and ultimate parent undertaking

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