

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

COMPANY INFORMATION

Directors	A J Blevins J V Harrison D A Petty J J West E S Roche (resigned 4 February 2020) N D M Smith (appointed 3 February 2020)
Registered number	03540322
Registered office	Prologis House Blythe Gate Blythe Valley Park Solihull B90 8AH
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

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KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The company was incorporated to manage and maintain the common parts of the residential estate at Kings Hill, West Malling on a non-profit making basis. The company has continued this activity during the year.

Results and dividends

The profit for the year, after taxation, amounted to £27,686 (2018 - loss £132,019).

The directors did not recommend the payment of a final dividend (2018 - £NIL).

Directors

The directors who served during the year were:

A J Blevins
J V Harrison
D A Petty
J J West
E S Roche (resigned 4 February 2020)

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

As disclosed in note 9, subsequent to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic.

Also disclosed in note 9, the Company experienced a change in its ultimate controlling party and changed its registered office address.

Auditor

The company changed its auditor for the audit of the period ended 31 December 2019 to Cooper Parry Group Limited. The directors thank Ernst & Young LLP for their role as auditor in the previous period. Cooper Parry Group Limited will be appointed as auditors for the next period.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on _____ and signed on its behalf.

Director

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

Opinion

We have audited the financial statements of Kings Hill Residential Estate Management Company Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet and the related notes, 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 2019 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

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.

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED (CONTINUED)

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 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 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, 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.

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED (CONTINUED)

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Daniel Parker (Senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

One Central Boulevard

Blythe Valley Business Park

Solihull

West Midlands

B90 8BG

Date:

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	2.3	597,008	580,650
Cost of sales		(427,038)	(591,109)
Gross profit/(loss)		169,970	(10,459)
Administrative expenses		(147,658)	(129,043)
Operating profit/(loss)		22,312	(139,502)
Interest receivable and similar income		6,634	5,778
Profit/(loss) before tax		28,946	(133,724)
Tax on profit/(loss)		(1,260)	1,705
Profit/(loss) for the financial year		27,686	(132,019)

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 8 to 11 form part of these financial statements.

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED
REGISTERED NUMBER: 03540322

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £	2018 £
Current assets				
Debtors: amounts falling due within one year	5	81,509	164,211	
Cash at bank and in hand		1,019,480	1,119,575	
		<u>1,100,989</u>	<u>1,283,786</u>	
Creditors: amounts falling due within one year	6	(119,634)	(330,185)	
Net current assets			<u>981,355</u>	<u>953,601</u>
Total assets less current liabilities			<u>981,355</u>	<u>953,601</u>
Net assets			<u>981,355</u>	<u>953,601</u>
Capital and reserves				
Called up share capital	7		2,016	1,948
Profit and loss account			979,339	951,653
Shareholders' funds			<u>981,355</u>	<u>953,601</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Director

The notes on pages 8 to 11 form part of these financial statements.

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Kings Hill Residential Estate Management Company Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and principal activities are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The financial statements have been prepared in the Company's functional currency, pounds sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

At the Balance sheet date the Company had a positive cash balance and was in a net asset position. At the time of signing these financial statements, the directors have considered the effect of Coronavirus on the going concern basis and consider that the Company will continue to trade for a period of at least 12 months from the date of signing these financial statements due to Group support available to it. The ultimate controlling party has indicated that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company.

The budgets prepared by the directors show that the Company will be able to operate within the facilities available to it. On that basis, the directors have prepared these financial statements on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Interest income

Interest income is recognised in profit and loss using the effective interest method.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties.

3. Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual financial statements amounted to £6,050 (2018: £4,000).

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

5. Debtors

	2019 £	2018 £
Trade debtors	40,539	148,180
Other debtors	5,484	3,251
Tax recoverable	35,486	12,780
	<u>81,509</u>	<u>164,211</u>

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	43,381	29,710
Amounts owed to group undertakings	30,957	19,391
Corporation tax	1,260	1,561
Other creditors	-	90,415
Accruals and deferred income	44,036	189,108
	119,634	330,185

The amount owed to group undertakings are interest free and repayable on demand.

7. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
2,014 (2018 - 1,946) 'A' Ordinary shares of £1 each	2,014	1,946
2 (2018 - 2) 'B' Ordinary shares of £1 each	2	2
	2,016	1,948

8. Related party transactions

During the year, the company entered into the following transactions:

Management fees of £76,814 (2018: £79,238) were charged by Liberty Property Trust UK Limited, a company which is a direct subsidiary of Liberty Property Limited Partnership. Amounts due to Liberty Property Trust UK Limited as at 31 December 2019 were £30,957 (2018: £19,391).

9. Post balance sheet events

Subsequent to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. At this stage, the directors are assessing what impact this may have on the Company, and they will continue to closely monitor developments and react accordingly. Although there is a high level of uncertainty about the extent and the timeframe of the effect of the virus on the global economy, the directors believe the Company is strongly positioned to handle any downturn that may occur.

On 4 February 2020, Prologis Inc. acquired Liberty Property Trust, resulting in a change in the ultimate controlling party.

On 20 February 2020, the Company changed its registered office address from The Control Tower, 29 Liberty Square, Kings Hill, West Malling, Kent, ME19 4RG to Prologis House Blythe Gate, Blythe Valley Park, Solihull, B90 8AH.

KINGS HILL RESIDENTIAL ESTATE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Controlling party

The company's immediate parent undertaking, by virtue of owning all of the 'B' Ordinary shares, is Liberty Property Trust UK Limited, a company registered in England & Wales.

As at 31 December 2019, the ultimate controlling party was Liberty Property Trust, a Maryland (USA) real estate investment trust, whose registered address is 500 Chesterfield Parkway, Malvern, Pennsylvania 19355, United States of America.

Liberty Property Trust is the smallest and largest group in which these financial statements are consolidated.

Subsequent to the year end, on 4 February 2020, Prologis Inc. acquired Liberty Property Trust, resulting in a change in the ultimate controlling party.