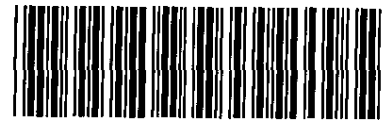


Registration number: 12762985

Kensington RG Ltd
Annual Report and Unaudited Financial Statements
for the Year ended 31 December 2021

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Kensington RG Ltd

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Kensington RG Ltd
Company Information

Directors

Stephen Fitzpatrick
Vincent Casey

Registered office

9 Pembridge Road,
London,
W11 3JY

Kensington RG Ltd

Directors' Report for the year ended 31 December 2021

The directors present their report and the unaudited financial statements for the year ended 31 December 2021.

Incorporation

The company was incorporated on 23 July 2020.

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Stephen Fitzpatrick

Vincent Casey

Strategic report exemption

The Company is claiming the small company exemption from preparing the Strategic Report in accordance with the Companies Act 2006.

Principal activity

The principal activity of the company is hospitality.

Dividends

The directors do not propose a dividend for the period (prior year: £nil).

Financial risk management

Financial risk management objectives and policies have been established as discussed in note 17 "Financial risk management and impairment of financial assets".

Going concern

Whilst the Company made a loss for the year ended 31 December 2021, and has net liabilities, the financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further details are in note 3 of the financial statements.

Directors' liabilities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Kensington RG Ltd

Directors' Report for the year ended 31 December 2021 (continued)

Statement of Directors' Responsibilities in respect of financial statements

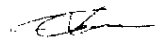
The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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. The directors 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.

Approved by the Board on 23 September 2022 and signed on its behalf by:



.....

Vincent Casey
Director

Income Statement
For the year ended 31 December 2021

Income Statement

	Note	For the year ended 2021 £ 000	For the period ended 2020 £ 000
Revenue		278	11
Cost of sales		(132)	(120)
Gross Profit		(146)	(109)
Administrative expenses		(3,146)	(172)
Operating loss		(3,000)	(281)
Finance costs	6	(139)	(5)
Loss before tax		(3,139)	(286)
Income tax receipt	8	-	-
Loss for the period		(3,139)	(286)

The above results were derived from continuing operations.

There is no other comprehensive income other than the loss for the period.

The notes on pages 8 to 19 form an integral part of these financial statements.

Statement of Financial Position

	Note	2021 £ 000	2020 £ 000
Assets			
Non-current Assets			
Property, plant and equipment	9	2,626	-
		<u>2,626</u>	<u>-</u>
Current Assets			
Trade and other receivables	10	365	69
Cash and cash equivalents	11	132	93
		<u>132</u>	<u>93</u>
Total assets		<u>3,123</u>	<u>162</u>
Non-current Liabilities			
Loans and borrowings	13	(4,928)	(445)
Current Liabilities			
Trade and other payables	14	(1,620)	(3)
		<u>(1,620)</u>	<u>(3)</u>
Total liabilities		<u>(6,548)</u>	<u>(448)</u>
Net liabilities		<u>(3,425)</u>	<u>(286)</u>
Equity			
Share capital	12	-	-
Accumulated losses		<u>(3,425)</u>	<u>(286)</u>
Total equity		<u>(3,425)</u>	<u>(286)</u>

For the year ended 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 4 to 19 were approved by the Board of Directors on 23 September 2022 and signed on its behalf by:



.....
Vincent Casey

Director

The notes on pages 8 to 19 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2021

Statement of Changes in Equity

	Share premium £ 000	Accumulated losses £ 000	Total equity £ 000
At 23 July 2020	-	-	-
Loss for the period	-	(286)	(286)
At 31 December 2020	-	(286)	(286)
	Share premium £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 January 2021	-	(286)	(286)
Loss for the year	-	(3,139)	(3,139)
At 31 December 2021	-	(3,425)	(3,425)

The notes on pages 8 to 19 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2021

Statement of Cash Flows

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Loss for the year		(3,139)	(286)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	206	-
Finance costs	6	139	-
		<u>(2,794)</u>	<u>(286)</u>
Working capital adjustments			
Increase in trade and other receivables	10	(296)	(69)
(Decrease)/increase in trade and other payables	14	1,617	3
Net cash flows from operating activities		<u>(1,473)</u>	<u>(352)</u>
Cash flows from investing activities			
Acquisitions of property plant and equipment	9	(2,832)	-
Net cash flows from investing activities		<u>(2,832)</u>	<u>-</u>
Cash flows from financing activities			
Interest paid	6	(139)	-
Proceeds from other borrowing draw downs		4,483	445
Net cash flows from financing activities		<u>1,691</u>	<u>445</u>
Net (decrease)/increase in cash and cash equivalents		(39)	93
Cash and cash equivalents at 1 January		<u>94</u>	<u>0</u>
Cash and cash equivalents at 31 December		<u>132</u>	<u>93</u>

The notes on pages 8 to 19 form an integral part of these financial statements.

Notes to the Financial Statements

1 General information

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

The address of its registered office is:
9 Pembridge Road
London
W11 3JY

These financial statements were authorised for issue by the Board on 23 September 2022.

2 Critical accounting judgements and key sources of estimation uncertainty

The directors do not consider that there are any key estimates or judgements affecting the preparation of the financial statements.

3 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 period presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS'). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is the Company's functional and the Company's presentation currency.

Going concern

Whilst the Company made a loss for the year ended 31 December 2021, and has net liabilities, the financial statements have been prepared on a going concern basis.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued support of the ultimate parent company Imagination Industries Ltd. The directors have received confirmation that Imagination Industries Ltd intend to support the company for at least one year after these financial statements are signed.

3 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about Imagination Industries Incubator Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Imagination Industries Limited, a company incorporated in UK.

Changes in accounting policy

New standards, interpretations and amendments effective

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet effective

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

Finance income and costs policy

Financing expense comprises interest payable on loans and is recognised in profit or loss using the effective interest method. Financing income comprises interest receivable on funds invested and on loans to group undertakings.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

3 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds (net of transaction costs) and the amount due on redemption being recognized as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

3 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Impairment of financial assets

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amount due according to original terms of the receivables, using an expected credit loss model.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

No key estimates that could result in a material change to carrying value of assets or liabilities in next 12 months.

Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

3 Accounting policies (continued)

4 Operating loss

Arrived at after charging/(crediting)

	2021 £ 000	Period from 23 July 2020 to 31 December 2020 £ 000
Depreciation expense	133	-

5 Staff costs

The aggregate payroll costs were as follows:

	2021 £ 000	Period from 23 July 2020 to 31 December 2020 £ 000
Wages and salaries	475	-
Social security costs	53	-
Other pension costs	15	-
	543	-

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

	2021 No.	2020 No.
Administration and support	5	-
Retail	6	-

6 Finance costs

	2021 £ 000	Period from 23 July 2020 to 31 December 2020 £ 000
Intercompany interest expense	139	5

Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

7 Directors' remuneration

There were two Directors during the period. The Directors received no remuneration in their capacity as Directors of Kensington RG Ltd.

8 Income tax

The tax charge for the period is higher than the standard rate of corporation tax in the UK (higher than the standard rate of corporation tax in the UK) of 19%.

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Loss before tax	(3,139)	(286)
Corporation tax at standard rate	596	54
Amounts for which no deferred tax asset has been recognised	(596)	(54)
Total tax credit	-	-

The main rate of UK corporation tax for the years to 31 March 2020 and 31 March 2021 was 19%.

At the March Budget 2021, the UK government announced that the corporation tax main rate (for all profits except ring fenced profits) for the years starting 1 April 2023 be 25%. It was substantially enacted by the UK government in May 2021.

Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

9 Property, plant and equipment

	Furniture and fittings £ 000	Assets Under Construction £ 000	Total £ 000
Cost or valuation			
At 23 July 2020	-	-	-
Additions	-	-	-
At 31 December 2020	-	-	-
Transfer from group undertaking	634	-	-
Additions	34	2,164	2,832
At 31 December 2021	668	2,164	2,832
Accumulated Depreciation			
At 23 July 2020	-	-	-
Charge for year	-	-	-
At 31 December 2020	-	-	-
Transfer from group undertaking	74	-	-
Charge for the year	132	-	206
At 31 December 2021	206	-	206
Carrying amount			
At 31 December 2021	462	-	462
At 31 December 2020	-	-	-
At 1 January 2020	-	-	-

10 Trade and other receivables

	2021 £ 000	2020 £ 000
Accounts receivable	1	14
Prepayments	11	-
VAT receivable	353	55
Trade and other receivables	365	69

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in note 16 "Financial instruments".

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 17 "Financial risk management and impairment of financial assets".

Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

11 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	132	93

12 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No	£	No	£
Ordinary share capital of £1 each	1	1	1	1

13 Loans and borrowings

	2021 £ 000	2020 £ 000
Non-current loans and borrowings		
Amounts owed to group	4,928	445

The loans and borrowings classified as financial instruments are disclosed in note 16 "Financial instruments".

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in note 17 "Financial risk management and impairment of financial assets".

14 Trade and other payables

	2021 £ 000	2020 £ 000
Trade payables	1,589	3
Accrued expenses	1	-
Social Security and other taxes	30	-
	1,620	3

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 17 "Financial risk management and impairment of financial assets".

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £15,000 (2020 - £Nil).

Notes to the Financial Statements
For the year ended 31 December 2021 (continued)

16 Financial Instruments

Financial assets

Loans and receivables

	Carrying value 2021 £ 000	Fair value 2021 £ 000	Carrying value 2020 £ 000	Fair value 2020 £ 000
Cash and cash equivalents	132	132	93	93
Other receivables	1	1	14	14
	<u>133</u>	<u>133</u>	<u>107</u>	<u>107</u>

Valuation methods and assumptions

Loans and receivables:

The fair value of loans and receivable is based on the expectation of recovery of balances.

Financial liabilities

Financial liabilities at amortised cost

	Carrying value 2021 £ 000	Fair value 2021 £ 000	Carrying value 2020 £ 000	Fair value 2020 £ 000
Trade and other payables	1,589	1,589	3	3
Amounts owed to group	4,928	4,928	445	445
	<u>6,517</u>	<u>6,517</u>	<u>448</u>	<u>448</u>

Valuation methods and assumptions

Financial liabilities at amortised cost

The fair value of the trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. Due to the short maturities, the fair value of the trade and other payables approximates to their book value.

17 Financial risk management and impairment of financial assets

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Risk management is carried out by the Risk management committee, under policies approved by the Directors and the Group management team.

Credit risk and impairment

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, and arises principally from the Company's receivables from customers and from security deposits and prepayments to suppliers and distributors.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £133,000 (2020:£107,000), being the total of the carrying amount of financial assets, excluding equity investments, which include trade receivables and cash. All the receivables are with parties in the UK.

The allowance account for trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly. There were no transactions written off in the period. The Company provides for impairment losses based on estimated irrecoverable amounts determined by reference to specific circumstances and the experience of management of debtor default.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Imagination Industries Group management team uses short and long-term cash flow forecasts to manage liquidity risk. Forecasts are supplemented by sensitivity analysis which is used to assess funding adequacy for at least a 12 month period.

Maturity analysis

	Within 1 year £ 000	Over 1 year £ 000	Total £ 000
2021			
Trade and other payables	1,589	-	1,589
Other borrowings	-	4,928	4,928
	<u>1,589</u>	<u>4,928</u>	<u>6,517</u>
2020			
Trade and other payables	3	-	3
Other borrowings	-	445	445
	<u>3</u>	<u>445</u>	<u>448</u>

Capital risk management

Capital components

Capital risk is managed to ensure the Company continues as a going concern and grows in a sustainable manner.

The Company considers its cashflow to be the most important component of capital management. This is managed through loans from its parent company. A three year cashflow model is maintained to manage this element of capital.

18 Related party transactions

Summary of transactions with parent entities

During the period, the Company received loan funds from Imagination Industries Limited (immediate parent) of £3,750,000 (2020: £440,000). The loan incurred an interest charge at 7% of £139,000 (2020: £5,000). At 31 December 2021, the total balance outstanding was £4,335,000 (2020: £445,000).

Summary of transactions with other related parties

During the period, Imagination Industries Incubator Limited charged the Company management fees of £72,000 (2020: £Nil). As at 30 December 2021, the total balance outstanding was £Nil (2020: £Nil).

19 Parent and ultimate parent undertaking

The company's immediate parent is Imagination Industries Limited.

The ultimate parent is Imagination Industries Limited.

The most senior parent entity producing publicly available financial statements is Imagination Industries Limited. These financial statements are available upon request from the address shown in note 1.

The ultimate controlling party is Stephen Fitzpatrick.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Imagination Industries Limited, incorporated in England and Wales.