

Consolidated Financial Statements

Kingerlee Holdings Limited

For the Year Ended 31 December 2016

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Registered number: 00984588

Kingerlee Holdings Limited

Company Information

Directors	D H Kingerlee S J Marsh D J Warlow R J Wilsdon A R Woodward
Company secretary	D H Kingerlee
Registered number	00984588
Registered office	Thomas House Langford Locks Kidlington Oxfordshire OX5 1HR
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South Oxford Oxfordshire OX4 2WB

Kingerlee Holdings Limited

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Chief Executive's Review

For the Year Ended 31 December 2016

The Chief Executive presents his review for the year ended 31 December 2016.

Group

The Group reported a loss for the year of £267k (2015: profit £411k).

Construction

A very difficult year was encountered in construction activities, due to lower than anticipated trading levels and significant trading losses on two large projects with poorly defined design liabilities which have taught us lessons for the future. These projects have been completed in 2017, and all anticipated losses of these have been provided for in full in 2016. The tendering market in the construction sector remains highly competitive, with margins also under pressure due to supply side cost increases.

Property Development

The Group is actively seeking new sites for development, however none were purchased during 2016. The directors undertook an extensive review of the carrying value of all its development assets, and write downs of £Nil were considered necessary (2015: £250k).

Residential Developments

Sales in 2016 mostly consisted of apartments from completed schemes in Banbury and Moseley, and there was also the sale of an undeveloped plot of land at Sutton Courtenay. A completed barn conversion at Sutton Courtenay has been rented out to the new owner of the undeveloped plot whilst they undertake building work. It remains the intention of the business to sell this property at the earliest opportunity once the rental period has completed.

Improved planning permission has been obtained at the site acquired in Gloucestershire, and construction of nine dwellings started on this site in the first half of 2017. The parcel of farm land adjoining the Oxfordshire village of Brightwell-cum-Sotwell has been granted Outline Planning consent for a scheme of 31 dwellings, subject to a Planning Agreement which we have now signed. A detailed design is now being prepared and it is anticipated that construction will start in 2018.

Mixed Use Schemes

Heads of terms for sale of the second residential phase of the scheme in North Yorkshire were agreed in 2016, with exchange of contracts anticipated in the second half of 2017. The smaller phase of the overall scheme which is allocated for retail, leisure and commercial uses has been sold in 2017. The Group holds 43.75% of this project in a joint arrangement.

Commercial Developments

The Group owned undeveloped commercial land neighbouring its headquarters in Kidlington, this has subsequently been sold during 2017.

Funding

At 31 December 2016 the Group did not have any debt owing in respect of development finance, as all previous outstanding loans were repaid in full during the year from the proceeds of residential property sales. Heads of terms have been agreed in 2017 with Handelsbanken to provide development finance for construction costs of the scheme in Gloucestershire referred to above.



D H Kingerlee
Chief Executive

Date: 5 SEPTEMBER 2017

Group Strategic Report

For the Year Ended 31 December 2016

Introduction

The objectives of this report are to provide shareholders and other recipients of these statements with:

- the appropriate level of background context for these financial statements
- an analysis of the Group's past performance; and
- insight into the Group's main objectives and strategies, and the principal risks it faces and how they might affect future prospects.

Business overview

Kingerlee Holdings Limited is a holding company coordinating the activities of subsidiaries primarily engaged in the businesses of construction and speculative property development. Additionally the Group maintains portfolios of properties and listed investments.

Principal risks and uncertainties

The Group has a risk management process in place to identify and effectively manage risk across the business. The following principal risks have been identified and may have an impact on the Group and its operations:

- Loss of key personnel – if the Group is unable to retain and attract suitable employees, this may result in a lack of knowledge, skills and experience. The Group is constantly reviewing policies in this area alongside our Investors in People accreditation to improve our effectiveness in managing this risk.
- Availability of reliable and skilled subcontractors – an inability to procure suitable subcontractors could impact upon project delivery. All subcontractors are vetted to ensure they meet our requirements for their ability to deliver on time, financial stability, quality, health and safety, and environmental impact.
- Loss of reputation as a safe construction business – the Group recognises the need to ensure safe working conditions for our employees, subcontractors and the public. Significant accidents could damage the Group's reputation which in turn may adversely impact our ability to secure new work. The Group has a comprehensive framework in place to manage health and safety and has an in-house health, safety and environmental specialist who regularly reviews our policies and provides training and site inspections.
- Construction project related risks – the commercial risk taken on each project will depend on the nature and complexity of the works, the duration of the project, the credit risks and the contractual terms under which the work is carried out. In order to manage these risks we have a rigorous approach to project selection to ensure that the works we undertake match our capabilities and resources, and that the contractual terms are acceptable. The Group has a proactive and non-adversarial approach that aims to avert conflict before disputes have an opportunity to crystallise.
- Development planning risks - the number of homes and commercial developments we are able to build in a year is dependent on the granting of suitable planning permissions. Due to the time taken to obtain planning permissions on land, we hold a landbank to provide a greater certainty of the number of plots available to be developed in the following twelve months. Planners may also impose conditions within planning consents which may lead to additional costs of developing a site. Our land and planning specialists mitigate these risks by working closely with the relevant planning authorities, and through the structure of land purchase agreements.
- Availability and cost of finance – our ability to procure and build new development sites could be reduced if lenders are unwilling to finance speculative developments, and profitability could be reduced by increased finance costs. The Group seeks to mitigate this risk by using its own funds to lower borrowing requirements, making finance deals more attractive to potential lenders.

Group Strategic Report

For the Year Ended 31 December 2016

Financial key performance indicators

The Group uses several performance indicators to monitor its progress. The focus of the Group continues to be improving efficiency, product quality, turnover and margins.

The development companies measure their development costs and turnover against project appraisals and budgets.

The construction company operates in a low margin / high risk sector. Consequently its most important financial performance indicators are turnover, gross margin, net margin and cash management. These are monitored on a regular basis, as is the underlying performance of each project.

Business review

The principal activities of the Group are the trades of building contractors and property developers.

During the year (with comparatives shown for the year ended 31 December 2015), the Group generated:

- Turnover of £37.4m (2015: £36.2m) and
- Loss of £(267)k (2015: profit £411k)

The Group's construction subsidiary encountered a very difficult trading year in challenging market conditions. A much improved result is forecast for 2017, with no loss making projects experienced for the year to date.

The most significant events in the development businesses were the planning improvements obtained at the sites in Gloucestershire and Brightwell-cum-Sotwell. The Group continues to seek new sites in order to maintain a balanced development portfolio.

Objectives and strategies

The Group's main business objective is to deliver sustainable, responsible and profitable business growth. It seeks to do this whilst delivering:

- A client focussed professional service
- Motivated and trained employees, with staff retention and personal development seen as a high priority
- A portfolio of projects and developments with a balance of risk and reward

The Group's strategy is to:

- Seek repeat construction business through its reputation and performance. The Group remains mindful of the fact that we are, and will be, judged on the manner in which we manage and deliver each project
- Adopt a true Partnering and Best Value approach through a thorough understanding of our clients' needs
- Continue with our policy of treating our Supply Chain in a fair and reasonable manner
- Maintain a balanced development landbank, whilst endeavouring to broaden its portfolio geographically, by type and phasing of work, and also entering into Joint Arrangement developments where appropriate in order to reduce its risk.

Group Strategic Report

For the Year Ended 31 December 2016

Financial risk management

Exposure to credit and interest rate risks arise in the normal course of the Group's business. The Group has no derivative financial instruments.

The Group's credit risk is attributable to its trade receivables. The amounts presented in the balance sheet are net of any allowance for doubtful debtors, based on prior experience and assessment of specific circumstances by the directors. In order to manage credit risk the directors make an assessment of each potential client, with third party credit checks being carried out where appropriate.

The Group's interest rate risk is attributable to development project loans and the use of overdraft facilities. The risk is managed by agreeing fixed percentage rates over base rate.

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

The directors seek to establish an environment in which the ambitions and expectations of all employees are actively encouraged and properly rewarded. These ideals are reflected in the Kingerlee Management Principles of Leadership, Communication, Technical Competence, Planning and Co-ordination, and Training and Development.

The Group is committed to ensuring there are no acts of modern slavery or human trafficking within its own business or within its supply chain. A statement on compliance with the Modern Slavery Act 2015 can be found on each of the Group companies' websites.

Awards

During 2016 the achievements of the construction company were recognised by the following awards:

- Oxford Preservation Trust 2016 Awards for The Ruskin School of Art, Oxford
- RIBA 2016 South Award for The Ruskin School of Art, Oxford
- RICS Conservation Award Winner South East 2016 for The Garden Building, Lincoln College, Oxford
- New Build Modern Style Stone Cladding Winner 2016 Stone Awards for The Flint House, Buckinghamshire

Kingerlee Holdings Limited

Group Strategic Report

For the Year Ended 31 December 2016

Sustainability

The Group seeks to establish itself as a leading environmental contractor and developer. It hopes to be influential in defining the places and spaces in which we live and work, ensure that those places operate efficiently in terms of energy use, and that the resources used during their creation are applied effectively. For any building to be considered sustainable it needs to be well designed and constructed, which is a strong fit with the Group's emphasis on quality and craftsmanship.

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



D H Kingerlee
Director

Date: 5 SEPTEMBER 2017

Kingerlee Holdings Limited

Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £267,000 (2015: profit £411,000).

The directors have recommended a dividend of £187,000 (2015: £173,000).

Information to be disclosed in the Directors report

There have been no significant events affecting the Group since the year end.

Information in respect of future developments and financial risk management policies and procedures is given in the group strategic report.

Directors

The directors who served during the year were:

D H Kingerlee
S J Marsh (appointed 1 September 2016)
D J Warlow
R J Wilsdon
A R Woodward

Directors' Report (continued)

For the Year Ended 31 December 2016

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group 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 corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

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 and the Group'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 and the Group's auditor is aware of that information.

Kingerlee Holdings Limited

Directors' Report (continued)

For the Year Ended 31 December 2016

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



D H Kingerlee
Director

Date: 5 SEPTEMBER 2017



Independent Auditor's Report to the Members of Kingerlee Holdings Limited

We have audited the financial statements of Kingerlee Holdings Limited for the year ended 31 December 2016, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the 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'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 and of the Group's loss 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.

Independent Auditor's Report to the Members of Kingerlee Holdings Limited (continued)

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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



James Rogers BA FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Oxford
Date:

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	4	37,360	36,214
Cost of sales		(35,647)	(34,392)
Gross profit		1,713	1,822
Administrative expenses		(2,924)	(3,365)
Release of non-controlling interest share of reserves		-	1,130
Other operating income	5	173	66
Operating loss	6	(1,038)	(347)
Income from participating interests		743	621
Interest receivable and similar income	10	9	182
Interest payable and expenses	11	(79)	(143)
(Loss)/profit before taxation		(365)	313
Tax on (loss)/profit	12	98	98
(Loss)/profit for the year		(267)	411
Share of associate's unrealised surplus on revaluation of investment properties and revaluation of investments		(128)	749
Share of associate's realised surplus in capital reserve		391	218
Other comprehensive income for the year		263	967
Total comprehensive income for the year		(4)	1,378
(Loss)/profit for the year attributable to:			
Non-controlling interests		-	1,130
Owners of the parent Company		(267)	(719)
		(267)	411
Total comprehensive income for the year attributable to:			
Non-controlling interest		-	1,130
Owners of the parent Company		(4)	248
		(4)	1,378

The notes on pages 21 to 43 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	15	2,362	2,166
Investments	16	15,013	14,551
		<u>17,375</u>	<u>16,717</u>
Current assets			
Fixed assets held for sale		10	4
Stocks	17	4,577	7,673
Debtors: amounts falling due after more than one year	18	649	294
Debtors: amounts falling due within one year	18	4,331	5,382
Cash at bank and in hand	19	2,746	1,276
		<u>12,313</u>	<u>14,629</u>
Creditors: amounts falling due within one year	20	(8,994)	(10,043)
Net current assets		<u>3,319</u>	<u>4,586</u>
Total assets less current liabilities		<u>20,694</u>	<u>21,303</u>
Creditors: amounts falling due after more than one year	21	(483)	(952)
Provisions for liabilities			
Warranty provisions	24	(278)	(241)
		<u>(278)</u>	<u>(241)</u>
Net assets		<u><u>19,933</u></u>	<u><u>20,110</u></u>

Consolidated Statement of Financial Position (continued)

As at 31 December 2016

	Note	2016 £000	2015 £000
Capital and reserves			
Called up share capital	25	29	29
Share premium account	26	28	28
Revaluation reserve	26	3,653	3,781
Other reserves	26	5,270	4,879
Profit and loss account	26	10,953	11,393
		<u>19,933</u>	<u>20,110</u>

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



D H Kingerlee
Director

Date: 5 SEPTEMBER 2017

The notes on pages 21 to 43 form part of these financial statements.

Company Statement of Financial Position

As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investment Property	15	2,660	2,660
Investment	16	99	99
		<u>2,759</u>	<u>2,759</u>
Current assets			
Fixed assets held for sale		10	4
Debtors: amounts falling due within one year	18	5,233	5,545
		<u>5,243</u>	<u>5,549</u>
Creditors: amounts falling due within one year	20	(2,990)	(2,521)
Net current assets		<u>2,253</u>	<u>3,028</u>
Total assets less current liabilities		<u>5,012</u>	<u>5,787</u>
Creditors: amounts falling due after more than one year	21	-	(843)
Net assets		<u><u>5,012</u></u>	<u><u>4,944</u></u>
Capital and reserves			
Called up share capital	25	29	29
Share premium account	26	28	28
Revaluation reserve	26	766	766
Other reserves	26	1,279	1,279
Profit and loss account	26	2,910	2,842
		<u><u>5,012</u></u>	<u><u>4,944</u></u>

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



D H Kingerlee
Director

Date: 5 SEPTEMBER 2017

The notes on pages 21 to 43 form part of these financial statements.

Kingerlee Holdings Limited

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2016	29	28	3,781	4,879	11,393	20,110	20,110
Comprehensive income for the year							
Loss for the year	-	-	-	-	(267)	(267)	(267)
Share of associates unrealised on revaluation of investment properties and revaluation of investments	-	-	(128)	-	-	(128)	(128)
Movement on other reserves	-	-	-	391	-	391	391
Other comprehensive income for the year	-	-	(128)	391	-	263	263
Total comprehensive income for the year	-	-	(128)	391	(267)	(4)	(4)
Dividends: Equity capital	-	-	-	-	(173)	(173)	(173)
Total transactions with owners	-	-	-	-	(173)	(173)	(173)
At 31 December 2016	29	28	3,653	5,270	10,953	19,933	19,933

Kingerlee Holdings Limited

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2015	29	28	3,032	4,661	12,285	20,035	(1,130)	18,905
Comprehensive income for the year								
Profit for the year	-	-	-	-	(719)	(719)	1,130	411
Share of associate's unrealised surplus on revaluation of investment properties and revaluation of investments	-	-	749	-	-	749	-	749
Movement on other reserves	-	-	-	218	-	218	-	218
Other comprehensive income for the year	-	-	749	218	-	967	-	967
Total comprehensive income for the year	-	-	749	218	(719)	248	1,130	1,378
Dividends: Equity capital	-	-	-	-	(173)	(173)	-	(173)
Total transactions with owners	-	-	-	-	(173)	(173)	-	(173)
At 31 December 2015	29	28	3,781	4,879	11,393	20,110	-	20,110

The notes on pages 21 to 43 form part of these financial statements.

Kingerlee Holdings Limited

Company Statement of Changes in Equity
For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2016	29	28	766	1,279	2,842	4,944
Comprehensive income for the year						
Profit for the year	-	-	-	-	241	241
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	241	241
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(173)	(173)
Total transactions with owners	-	-	-	-	(173)	(173)
At 31 December 2016	29	28	766	1,279	2,910	5,012

Kingerlee Holdings Limited

Company Statement of Changes in Equity
For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2015	29	28	734	1,279	2,622	4,692
Comprehensive income for the year						
Profit for the year	-	-	-	-	393	393
Surplus on revaluation of freehold property	-	-	32	-	-	32
Other comprehensive income for the year	-	-	32	-	-	32
Total comprehensive income for the year	-	-	32	-	393	425
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(173)	(173)
Total transactions with owners	-	-	-	-	(173)	(173)
At 31 December 2015	29	28	766	1,279	2,842	4,944

The notes on pages 21 to 43 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

	2016 £000	2015 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(267)	411
Adjustments for:		
Depreciation of tangible assets	184	171
(Profit) on disposal of tangible assets	(7)	(22)
Increase in fixed assets held for sale	(6)	-
Interest paid	79	143
Interest received	(9)	(182)
Taxation charge	(98)	(98)
Decrease in stocks	3,096	2,074
Decrease/(increase) in debtors	704	(1,100)
Increase/(decrease) in creditors	315	(871)
Increase in provisions	37	35
Corporation tax received	79	-
Net cash generated from operating activities	4,107	561
Cash flows from investing activities		
Purchase of tangible fixed assets	(380)	(118)
Proceeds from Sale of tangible fixed assets	7	28
Interest received	9	182
Income from interests in associated undertakings	(743)	(621)
Dividends received	555	521
Net cash from investing activities	(552)	(8)

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2016

	2016 £000	2015 £000
Cash flows from financing activities		
New secured loans	-	1,615
Repayment of loans	(2,004)	(1,075)
New/(repayment of) finance leases	171	(48)
Dividends paid	(173)	(173)
Interest paid	(79)	(143)
Net cash used in financing activities	(2,085)	176
Net increase in cash and cash equivalents	1,470	729
Cash and cash equivalents at beginning of year	1,276	547
Cash and cash equivalents at the end of year	2,746	1,276
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,746	1,276
	2,746	1,276

The notes on pages 21 to 43 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1. General information

The Group, headed by Kingerlee Holdings Limited, is a private company limited by shares registered in England & Wales, and its registered number is 00984588. The registered head office is located at Thomas House, Langford Locks, Kidlington, Oxfordshire, OX5 1HR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the valuation of investment property at fair value, 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The group's business activities, performance and position are set out in the Group Strategic Report, Report of the Directors and in the Chief Executive's review. In addition, the Group Strategic Report includes details of the group's financial risk management and objectives as well as an analysis of the group's key risks and uncertainties.

The group's forecasts and projections, which have been prepared by the directors for a period of more than 12 months from the date of approval of these financial statements, take account of a range of possible changes in trading performance based on various assumptions that the directors consider are reasonable given their knowledge of the business, and indicate that the group is able to operate within its funding constraints.

The directors are confident that the group will have adequate resources to meet its liabilities as and when they fall due for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

2.3 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.6 Turnover

Turnover is the total amount receivable by the group, net of value added tax, in the ordinary course of business. In the case of properties sold and exchanged during the year but not completed until after the year end, such turnover is only recognised if contractual completion takes place within three months of the year end. No turnover is recognised on non-contractual reservations, and any reservation deposits are included in creditors.

Turnover from construction work is recognised based on the certified valuation of work in progress on contracts between the beginning and the end of the year.

2.7 Investment Property

Investment property is carried at fair value derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Plant & machinery	- 4 - 10 years
Motor vehicles	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.9 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Development land and property and developments in progress are stated at the lower of cost and net realisable value. Cost consists of land, direct materials, direct labour and subcontractors and attributable overheads.

In the case of raw materials and consumable stores, cost means purchase price including transport and handling costs, less trade discounts, calculated on a first in first out basis. In the case of short-term work in progress, cost consists of direct materials, direct labour and attributable overheads. The amount of work in progress has been reduced by progress payments.

Net realisable value means estimated selling price (less trade discounts) less all further costs to complete and all costs to be incurred in marketing and selling.

Profit on long-term contract work in progress is accounted for once the outcome of a contract can be assessed with reasonable certainty and is based on stage of completion of the contract.

Costs incurred to carry out work on long-term contracts are matched with long-term contract work included in turnover. Where costs cannot be matched with contract work accounted for as turnover, such amounts are included in stock.

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the reporting date.

Ground rents arise where the company retains long term freehold interest in a development. The capital value is calculated to be the equivalent of five times the annual ground rent receivable.

2.10 Lease and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.11 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.12 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.14 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 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.

2.16 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.17 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.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Notes to the Financial Statements

For the Year Ended 31 December 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgments that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Long term contract balances

In assessing long-term contract work, foreseeable losses are provided for over the whole duration of a project irrespective of the amount of work carried out at the reporting date. The future realisation of these losses may be affected by future outcomes on these projects.

Provisions

In recognising provisions, the company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgments used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

Deferred tax assets

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

Stocks and work in progress

Management estimates the net realisable value of stocks and work in progress, taking into account the most reliable evidence at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

Investment property valuation

Management applies judgement when assessing the fair value of investment properties at each reporting date, based on market data and rental income during the year. Uncertainties in these estimates relate to local discrepancies in market trends, and the future realisation of these values may be affected by volatilities in the rental market, together with other market-driven changes that may reduce future selling prices.

Notes to the Financial Statements

For the Year Ended 31 December 2016

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Construction income	33,543	32,286
Sale of land / property	3,817	3,928
	<u>37,360</u>	<u>36,214</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £000	2015 £000
Other operating income	102	19
Net rents receivable	71	47
	<u>173</u>	<u>66</u>

6. Operating loss

The operating loss is stated after charging/(crediting):

	2016 £000	2015 £000
Depreciation of tangible fixed assets - owned by the group	130	130
Depreciation of tangible fixed assets - held under finance leases	54	41
Other operating leases	67	61
Profit on sale of fixed asset	(7)	(22)
	<u></u>	<u></u>

7. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	35	31
	<u></u>	<u></u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	17	17
	<u></u>	<u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	4,470	4,368
Social security costs	522	507
Cost of defined contribution scheme	480	496
	<u>5,472</u>	<u>5,371</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
No. of employees	<u>104</u>	<u>104</u>

9. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	379	334
Company contributions to defined contribution pension schemes	62	55
	<u>441</u>	<u>389</u>

During the year retirement benefits were accruing to 4 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £109,000 (2015 - £100,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,000 (2015 - £23,000).

10. Interest receivable

	2016 £000	2015 £000
Other interest receivable	<u>9</u>	<u>182</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

11. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	79	143

12. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	(98)	(98)
	(98)	(98)
Total current tax	(98)	(98)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
(Loss)/profit on ordinary activities before tax	(365)	313
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(73)	63
Effects of:		
Fixed asset differences	(4)	10
(Income)/expenses not deductible for tax purposes	-	2
Depreciation in excess of capital allowances	(3)	28
Utilisation of tax losses	55	-
Adjustments to tax charge in respect of prior periods	(87)	(79)
Adjustments in respect of share of tax of associate	-	(39)
Unrelieved tax losses carried forward	58	68
Other permanent differences	(44)	(151)
Total tax charge for the year	(98)	(98)

Notes to the Financial Statements

For the Year Ended 31 December 2016

12. Taxation (continued)

Factors that may affect future tax charges

The group has tax losses available for set off against future profits of approximately £3,441,000 (2015: £3,151,000).

13. Dividends

	2016 £000	2015 £000
Equity dividends	173	173
	<u>173</u>	<u>173</u>

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £241,000 (2015 - £393,000).

Notes to the Financial Statements

For the Year Ended 31 December 2016

15. Tangible fixed assets

Group

	Freehold land & buildings £000	Plant & machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2016	2,471	2,317	341	5,129
Additions	40	84	256	380
Disposals	-	-	(69)	(69)
At 31 December 2016	2,511	2,401	528	5,440
Depreciation				
At 1 January 2016	610	2,090	263	2,963
Charge for the period on owned assets	36	99	49	184
Disposals	-	-	(69)	(69)
At 31 December 2016	646	2,189	243	3,078
Net book value				
At 31 December 2016	1,865	212	285	2,362
At 31 December 2015	1,861	227	78	2,166

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £000	2015 £000
Plant and machinery	25	37
Motor vehicles	254	70
	279	107

Notes to the Financial Statements

For the Year Ended 31 December 2016

15. Tangible fixed assets (continued)

Company

	Investment Property £000	Plant & machinery £000	Total £000
Cost or valuation			
At 1 January 2016	2,660	768	3,428
At 31 December 2016	2,660	768	3,428
Depreciation			
At 1 January 2016	-	768	768
At 31 December 2016	-	768	768
Net book value			
At 31 December 2016	2,660	-	2,660
At 31 December 2015	2,660	-	2,660

The investment property is leased to other group companies and so in the Consolidated Statement of Financial Position is classified as Freehold Land & Buildings and has therefore been recognised at historic cost less accumulated depreciation.

Kingerlee Holdings Limited

Notes to the Financial Statements

For the Year Ended 31 December 2016

16. Fixed asset investments

Group

Investments
in associates
£000

Cost or valuation

At 1 January 2016	14,551
Share of profit	462
At 31 December 2016	<u>15,013</u>

Net book value

At 31 December 2016	<u>15,013</u>
At 31 December 2015	<u>14,551</u>

Company

Investments
in
subsidiaries
£000

Cost or valuation

At 1 January 2016	<u>99</u>
At 31 December 2016	<u>99</u>

Net book value

At 31 December 2016	<u>99</u>
At 31 December 2015	<u>99</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

Group's aggregate share in its associate - Highcroft Investments PLC

	2016 £000	2015 £000
Profit		
Share of profit before tax	743	621
Share of taxation	11	19
Share of profit after tax	<u>754</u>	<u>640</u>
	2016 £000	2015 £000
Turnover		
Share of turnover	<u>1,010</u>	<u>846</u>
	2016 £000	2015 £000
Assets		
Non-current assets	18,650	16,649
Current assets	<u>1,090</u>	<u>1,496</u>
Share of assets	<u>19,740</u>	<u>18,145</u>
Liabilities		
Due within one year or less	(508)	(453)
Due after more than one year	<u>(4,219)</u>	<u>(3,141)</u>
Share of liabilities	<u>(4,727)</u>	<u>(3,594)</u>
Share of net assets	<u>15,013</u>	<u>14,551</u>

Kingerlee Holdings Limited

Notes to the Financial Statements

For the Year Ended 31 December 2016

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
T H Kingerlee & Sons Limited	Ordinary	100 %	Property development
Kingerlee Limited	Ordinary	100 %	Building and contracting
Kingerlee Homes Limited	Ordinary	100 %	Property development
Green Clay Limited	Ordinary	90 %	Development of unfired clay building blocks
Arnold Developments Limited	Ordinary	100 %	Dormant
Statmite Limited	Ordinary	100 %	Dormant
NBT Fired Clay Limited	Ordinary	100 %	Dormant

For the year ended 31 December 2016 the following subsidiaries have taken the entitled exemption from audit under section 479A of the Companies Act 2006:

Green Clay Limited

Participating interests

Associates

Name	Registered office	Class of shares	Holding	Principal activity
Highcroft Investments PLC	England & Wales	Ordinary	27 %	Investment and property holding

Notes to the Financial Statements

For the Year Ended 31 December 2016

17. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Raw materials and consumables	112	111	-	-
Ground rents	54	41	-	-
Development land and property	4,411	7,521	-	-
	<u>4,577</u>	<u>7,673</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £3,474,000 (2015 - £4,068,000).

An impairment loss of £Nil (2015: £250,000) was recognised in cost of sales against stock during the year following to a review of the anticipated net realisable value.

18. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Trade debtors	<u>649</u>	<u>294</u>	<u>-</u>	<u>-</u>
	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due within one year				
Trade debtors	3,293	3,759	-	-
Amounts owed by group undertakings	-	-	5,148	5,382
Other debtors	85	99	85	84
Prepayments and accrued income	138	123	-	-
Amounts recoverable on long term contracts	728	1,322	-	-
Tax recoverable	87	79	-	79
	<u>4,331</u>	<u>5,382</u>	<u>5,233</u>	<u>5,545</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

19. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	2,746	1,276	-	-
	<u>2,746</u>	<u>1,276</u>	<u>-</u>	<u>-</u>

20. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	857	2,018	857	116
Trade creditors	3,608	2,962	-	-
Amounts owed to group undertakings	-	-	1,509	1,285
Other taxation and social security	56	-	-	-
Obligations under finance lease and hire purchase contracts	92	48	-	-
Other creditors	624	1,102	581	1,055
Accruals and deferred income	3,757	3,913	43	65
	<u>8,994</u>	<u>10,043</u>	<u>2,990</u>	<u>2,521</u>

Kingerlee Holdings Ltd has a term loan with Clydesdale Bank of £843,000 at 31 December 2016 (2015: £948,000) secured by a charge over Thomas House. The interest rate is a margin of 2.38% over LIBOR and the loan was repaid in full in July 2017.

The bank loans in Kingerlee Homes Limited are specific to individual development projects and are repayable out of the proceeds of those developments. The bank loans are secured by legal charges over certain freehold properties included within stocks and other assets of the group.

Kingerlee Homes Limited had a loan with Lloyds Bank of £NIL (2015: £397,000). The loan was fully repaid in May 2016. The interest rate on the loan was Bank of England base rate 0.5% plus 3.4%.

Kingerlee Homes Limited had a loan with Handelsbanken of £NIL (2015: £980,000). The loan was fully repaid in March 2016. The interest rate on the loan was Handelsbanken base rate 1.5% plus 2.0%.

Kingerlee Homes Limited had a loan with National Westminster Bank of £NIL (2015: £525,000). The loan was fully repaid in June 2016. The interest rate on the loan was National Westminster Bank base rate 0.5% plus 3.0%.

Kingerlee Limited has a bank overdraft facility with Clydesdale Bank of £750,000 secured against Thomas House (owned by Kingerlee Holdings Limited) and by a fixed and floating charge over the assets of Kingerlee Limited. The interest rate on overdrawn balances is chargeable at 4% per annum over the Bank of England Base Rate.

Notes to the Financial Statements

For the Year Ended 31 December 2016

21. Creditors: Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	-	843	-	843
Net obligations under finance leases and hire purchase contracts	166	39	-	-
Retentions owed to subcontractors	317	70	-	-
	483	952	-	843

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £000	Group 2015 £000
Within one year	92	48
Between 2-5 years	166	39
	258	87

23. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets measured at fair value through profit or loss	2,746	1,276	-	-
Financial assets that are debt instruments measured at amortised cost	4,027	4,152	5,233	5,466
	6,773	5,428	5,233	5,466
Financial liabilities				
Financial liabilities measured at amortised cost	(9,421)	(10,995)	(2,990)	(3,364)

Financial assets measured at amortised cost comprise trade debtors, amounts owed to group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed by group undertakings, amounts owing under finance leases, other creditors and accruals.

Notes to the Financial Statements

For the Year Ended 31 December 2016

24. Provisions

Group

	Warranty provision £000
At 1 January 2016	241
Charged to profit or loss	37
At 31 December 2016	278

A provision of £278,000 (2015: 241,000) has been recognised for expected construction defect claims on construction works performed during the last three financial years. It is expected that most of this expenditure will be incurred in the next financial year, and all will be incurred within two years of the balance sheet date.

25. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Authorised		
62,500 Ordinary shares of £0.50 each	31	31
Allotted, called up and fully paid		
57,500 (2015 - 58,000) Ordinary shares of £0.50 each	29	29

26. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

Includes all gains and losses from revaluation. This reserve is non-distributable.

Other reserves

Comprise a capital redemption reserve and a capital reserve, which includes revaluation gains and losses. Both of these reserves are non-distributable.

Profit & loss account

Includes all current and prior periods retained profit and losses.

Notes to the Financial Statements

For the Year Ended 31 December 2016

27. Discontinued operations

At 31 December 2014, Natural Building Technologies Limited was a 56% owned subsidiary of the group. The company ceased trading in December 2014 and was placed into administration on 7 January 2015. The loss on disposal of Natural Building Technologies Limited is included within the group's results for the prior year.

During the preceding financial year, Natural Building Technologies Limited contributed to the Group's prior results as follows:

	2015 £'000
Turnover	-
Gross profit/(loss)	-
Operating (loss)/profit	(422)
(Loss)/profit for the year after tax	(422)

28. Capital commitments

The company had capital commitments of £NIL at 31 December 2016 (2015: NIL).

29. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £480,000 (2015: £496,000). Contributions totalling £42,000 (2015: £41,000) were payable to the fund at the reporting date and are included in creditors.

30. Commitments under operating leases

At 31 December 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £'000	Group 2015 £'000
Not later than 1 year	55	44
Later than 1 year and not later than 5 years	92	51
	<u>147</u>	<u>95</u>

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For the Year Ended 31 December 2016

31. Related party transactions

The group owns 27.2% (2015: 27.2%) of the ordinary share capital of Highcroft Investments PLC. D H Kingerlee is a director of both Kingerlee Holdings Limited and Highcroft Investments PLC. During the year the group received franked investment income of £555,000 (2015: £521,000) from Highcroft Investments PLC.

Highcroft Investments PLC made purchases amounting to £12,007 (2015: £12,094) from Kingerlee Limited during the year in respect of rent and office services. At 31 December 2016 Highcroft Investments PLC owed £84 (2015: £NIL) to Kingerlee Limited.

Rodenhurst Estates Limited, a subsidiary undertaking of Highcroft Investments PLC, made purchases of £NIL (2015: £5,349) from Kingerlee Limited during the year in respect of repairs to rental properties. At 31 December 2016 Rodenhurst Estates Limited owed £NIL (2015: £NIL) to Kingerlee Limited.

Interest charged at the rate of 4.48% per annum totalling £NIL was receivable in the year ended 31 December 2016 (2015: £83,890) from Kingstrust Limited, a company of which D H Kingerlee is the sole director. This related to a loan to Kingstrust Limited which was repaid to Kingerlee Holdings Limited during 2014. At 31 December 2016 a balance of £83,980 was owed by Kingstrust Limited to Kingerlee Holdings Limited (2015: £83,890).

Included within other creditors for the group and company are balances totalling £575,274 (2015: £1,040,437) due to directors and other members of their families.

During the year the company made a sale of freehold property of £265,500 (2015: £NIL) to R J Wilsdon, a director of the company. At 31 December 2016 there was £NIL (2015: £NIL) outstanding.

Remuneration of key management personnel amounted to £1,037,014 (2015: £806,597) in the year. There were no other material transactions or amounts owed to or by any of the group's key management or members of their family other than disclosed above.

The Company and Group has adopted the provisions of FRS 102 Section 33 'Related Party Disclosures'. The Company has utilised the exemption available under FRS 102 allowing non disclosure of transactions within Group companies eliminated on consolidation where subsidiaries are 100% owned and controlled.

32. Controlling party

The ultimate controlling party is the shareholders of Kingerlee Holdings Limited.