

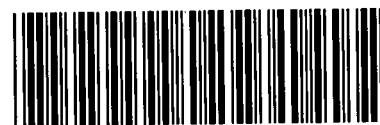
Registered number: 00984588

# **KINGERLEE HOLDINGS LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**KINGERLEE HOLDINGS LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	D H Kingerlee S J Marsh D J Warlow R J Wilsdon A R Woodward
<b>Company secretary</b>	D H Kingerlee
<b>Registered number</b>	00984588
<b>Registered office</b>	Thomas House Langford Locks Kidlington Oxfordshire OX5 1HR
<b>Independent auditor</b>	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford OX2 9GG

# KINGERLEE HOLDINGS LIMITED

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## **KINGERLEE HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **Introduction**

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

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

#### **Business review**

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

Operating within a 75 mile radius of Oxford, the Group undertakes projects with values ranging up to £35m, with a particular focus on the following sectors:

- Universities
- Local authority and public/private schools
- High quality private houses
- Healthcare and research
- Leisure
- Public buildings, including churches and museums
- Bespoke commercial and residential developments

The Group also has a Joinery Division which specialises in the design, manufacture, supply and fitting of traditional bespoke high quality joinery.

During the year, with comparatives shown for the year ended 31 December 2017), the Group generated:

- Turnover of £38.5m (2017: £31.0m)
- Profit for the financial year of £1,473k (2017: £1,035k)

#### **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 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 client's needs
- Continue with our policy of treating our Supply Chain in a fair and reasonable manner

## KINGERLEE HOLDINGS LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 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 that may have an impact on the Group and its operations:

- Key personnel - Attracting, developing and retaining experienced, competent, motivated and talented employees. The Group is constantly reviewing policies in this area, to improve our effectiveness in managing this risk.
- Availability of reliable and skilled subcontractors - these are all vetted to ensure they meet our requirements for their ability to deliver on time, financial stability, quality, health and safety, and environmental impact.
- Our reputation as a safe construction business - we recognise our need to ensure safe working conditions for our employees, subcontractors and the public. 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.
- Project related risks - the commercial risk we take 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, that the contractual terms are acceptable and that the projects are approved by the appropriate level of management. The Group has a proactive and non-adversarial approach that aims to avert conflict before disputes have an opportunity to crystallise.

#### Financial risk management

Exposure to credit and interest rate risks arise in the normal course of the Group's business.

The Group's credit risk is attributable to its trade receivables. The amounts presented in the consolidated Statement of Financial Position 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 seeks to manage cash flow risk by preparing rolling forecasts of income and expenditure over the short and long term. Given the size of the Group's operations, the relative costs of managing exposure to interest rate risk are considered to exceed any potential benefits.

#### Financial key performance indicators

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

## KINGERLEE HOLDINGS LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### Other key performance indicators

Turnover increased by 24% for the Group compared to the previous financial year and the Group continued to trade profitably. The Group has also experienced an increase in its gross profit for the year.

#### Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or gender. 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.

#### Environmental policies

The Group is committed to being a leader in advancing environmental and sustainability standards and processes in the construction sector. We aim to improve management processes by the implementation of a Waste Management Plan on each project and, where possible, source materials from sustainable supplies, reduce transport cost and generally apply high standards of management to ensure the effective use of all resources.

The systems of the construction subsidiary Kingerlee Limited are certified as being ISO 14001 compliant.

#### Safety

The health and safety management system of Kingerlee Limited has achieved certification to both the standards required of BS OHSAS 18001:2007 and Safety Schemes in Procurement.

#### Future developments

Although the construction market remains highly competitive in 2019, our construction subsidiary has already secured enough work to ensure there will be a significant increase in turnover as compared to 2018.

Within the development subsidiaries, construction is underway on a scheme of thirty-one residential units in the Oxfordshire village of Brightwell-cum-Sotwell. It is anticipated that revenue from this scheme will start to be realised in the second half of 2019. The Group is actively seeking new sites for development.

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



.....  
**D H Kingerlee**  
Director

Date: 27 June 2019

## KINGERLEE HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

#### Directors

The Directors who served during the year were:

D H Kingerlee  
S J Marsh  
D J Warlow  
R J Wilsdon  
A R Woodward

#### 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,473,000 (2017 as restated: £1,035,000).

The Directors have recommended a dividend of £244,000 (2017: £216,000).

#### Future developments

Information in respect of future developments are disclosed in the Group Strategic Report.

**KINGERLEE HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**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.

**Post balance sheet events**

T H. Kingerlee & Sons Limited, a subsidiary of Kingerlee Holdings Limited, entered into a loan facility agreement with Handelsbanken plc on 9 May 2019. The facility is to provide a loan up to a maximum amount of £4,500,000 for the specific purpose of financing construction costs of a residential development scheme, and is repayable out of the proceeds of sales from that development. The loan facility is secured by a legal charge over freehold land and properties included within stocks (note 17) and other assets of the group. The interest rate on the loan is 3.1% plus LIBOR, the facility is due for repayment before May 2021.

**Auditor**

The auditor, James Cowper Kreston, 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: 27 June 2019



## KINGERLEE HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KINGERLEE HOLDINGS LIMITED

#### Opinion

We have audited the financial statements of Kingerlee Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **KINGERLEE HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 the 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 by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

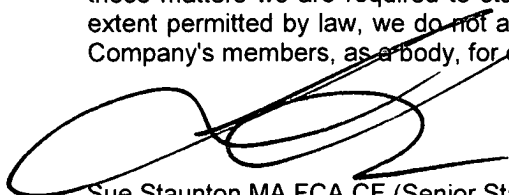
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**KINGERLEE HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KINGERLEE HOLDINGS LIMITED  
(CONTINUED)**

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

2 Chawley Park  
Cumnor Hill  
Oxford  
OX2 9GG

27 June 2019

KINGERLEE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	As restated 2017 £000
Turnover	4	38,538	30,993
Cost of sales		(35,089)	(27,728)
<b>Gross profit</b>		<b>3,449</b>	<b>3,265</b>
Administrative expenses		(3,041)	(3,142)
Other operating income	5	225	195
<b>Operating profit</b>	6	<b>633</b>	<b>318</b>
Income from participating interests		970	869
Interest receivable and similar income	10	3	10
Interest payable and expenses	11	(79)	(223)
<b>Profit before taxation</b>		<b>1,527</b>	<b>974</b>
Tax on profit	12	(54)	61
<b>Profit for the financial year</b>		<b>1,473</b>	<b>1,035</b>
Share of associate's unrealised surplus on revaluation of investment properties and revaluation of investments		(66)	968
Share of associate's realised surplus in capital reserve		481	(111)
<b>Other comprehensive income for the year</b>		<b>415</b>	<b>857</b>
<b>Total comprehensive income for the year</b>		<b>1,888</b>	<b>1,892</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		1,473	1,035
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		1,888	1,892

The notes on pages 18 to 41 form part of these financial statements.

**KINGERLEE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 00984588**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		2018 £000	As restated 2017 £000
<b>Fixed assets</b>	<b>Note</b>		
Tangible assets	15	2,428	2,369
Investments	16	16,876	16,177
		<u>19,304</u>	<u>18,546</u>
<b>Current and non-current assets</b>			
Fixed assets held for sale		10	10
Stocks	17	6,064	7,161
Debtors: amounts falling due after more than one year	18	470	486
Debtors: amounts falling due within one year	18	5,586	3,544
Cash at bank and in hand	19	3,167	2,198
		<u>15,297</u>	<u>13,399</u>
Creditors: amounts falling due within one year	20	(9,595)	(8,637)
<b>Net current assets</b>		<u>5,702</u>	<u>4,762</u>
<b>Total assets less current liabilities</b>		<u>25,006</u>	<u>23,308</u>
Creditors: amounts falling due after more than one year	21	(1,123)	(1,153)
<b>Provisions for liabilities</b>			
Other provisions	26	(314)	(258)
		<u>(314)</u>	<u>(258)</u>
<b>Net assets</b>		<u><u>23,569</u></u>	<u><u>21,897</u></u>
<b>Capital and reserves</b>			
Called up share capital	27	29	29
Share premium account	28	28	28
Revaluation reserve	28	4,555	4,621
Other reserves	28	5,640	5,159
Profit and loss account	28	13,317	12,060
<b>Equity attributable to owners of the parent Company</b>		<u><u>23,569</u></u>	<u><u>21,897</u></u>

**KINGERLEE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 00984588**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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

A handwritten signature in black ink, appearing to read 'David Kingerlee', written over a dotted line.

**D H Kingerlee**  
Director

Date: 27 June 2019

The notes on pages 18 to 41 form part of these financial statements.

**KINGERLEE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 00984588**

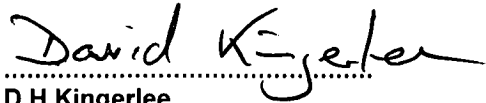
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		2018 £000	As restated 2017 £000
<b>Fixed assets</b>	<b>Note</b>		
Tangible assets	15	1,795	1,828
Investments	16	99	99
		<u>1,894</u>	<u>1,927</u>
<b>Current assets</b>			
Fixed assets held for sale		10	10
Debtors: amounts falling due within one year	18	3,607	3,827
Cash at bank and in hand	19	1	313
		<u>3,618</u>	<u>4,150</u>
Creditors: amounts falling due within one year	20	(909)	(1,311)
<b>Net current assets</b>		<u>2,709</u>	<u>2,839</u>
<b>Total assets less current liabilities</b>		<u>4,603</u>	<u>4,766</u>
Creditors: amounts falling due after more than one year	21	(640)	(720)
<b>Net assets</b>		<u><u>3,963</u></u>	<u><u>4,046</u></u>
<b>Capital and reserves</b>			
Called up share capital	27	29	29
Share premium account	28	28	28
Other reserves	28	1,279	1,279
Profit and loss account brought forward		2,710	2,877
Profit for the year		133	20
Dividends and transfer of revaluation		(216)	(187)
<b>Profit and loss account carried forward</b>		<u>2,627</u>	<u>2,710</u>
		<u><u>3,963</u></u>	<u><u>4,046</u></u>

**KINGERLEE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 00984588**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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

A handwritten signature in black ink, appearing to read 'David Kingerlee', written over a dotted line.

**D H Kingerlee**  
Director

Date: 27 June 2019

The notes on pages 18 to 41 form part of these financial statements.



KINGERLEE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2018	29	28	4,621	5,159	12,060	21,897
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,473	1,473
Share of associate's unrealised surplus on revaluation of investment properties and revaluation of investments	-	-	(66)	-	-	(66)
Movement on other reserves	-	-	-	481	-	481
Dividends: Equity capital	-	-	-	-	(216)	(216)
<b>At 31 December 2018</b>	<b>29</b>	<b>28</b>	<b>4,555</b>	<b>5,640</b>	<b>13,317</b>	<b>23,569</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Other reserves £000	As restated Profit and loss account £000	As restated Total equity £000
At 1 January 2017	29	28	3,653	5,270	11,212	20,192
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,035	1,035
Share of associate's unrealised surplus on revaluation of investment properties and revaluation of investments	-	-	968	-	-	968
Movement on other reserves	-	-	-	(111)	-	(111)
Dividends: Equity capital	-	-	-	-	(187)	(187)
<b>At 31 December 2017</b>	<b>29</b>	<b>28</b>	<b>4,621</b>	<b>5,159</b>	<b>12,060</b>	<b>21,897</b>

The notes on pages 18 to 41 form part of these financial statements.

KINGERLEE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	29	28	1,279	2,710	4,046
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	133	133
Dividends: Equity capital	-	-	-	(216)	(216)
<b>At 31 December 2018</b>	<b>29</b>	<b>28</b>	<b>1,279</b>	<b>2,627</b>	<b>3,963</b>

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Other reserves	As restated Profit and loss account	As restated Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	29	28	1,279	2,877	4,213
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	20	20
Dividends: Equity capital	-	-	-	(187)	(187)
<b>At 31 December 2017</b>	<b>29</b>	<b>28</b>	<b>1,279</b>	<b>2,710</b>	<b>4,046</b>

The notes on pages 18 to 41 form part of these financial statements.

KINGERLEE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	As restated 2017 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,473	1,035
<b>Adjustments for:</b>		
Depreciation of tangible assets	203	199
(Profit) on disposal of tangible assets	(31)	(22)
Interest paid	79	223
Interest received	(3)	(10)
Taxation charge	54	(61)
Decrease/(increase) in stocks	1,097	(2,584)
(Increase)/decrease in debtors	(2,022)	1,246
Increase/(decrease) in creditors	1,238	(795)
Increase in provisions	56	258
Corporation tax (paid)/received and deferred tax	(30)	409
<b>Net cash generated from operating activities</b>	<b>2,114</b>	<b>(102)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(284)	(206)
Proceeds from sale of tangible fixed assets	52	22
Interest received	3	10
Dividends received	686	595
Income from interests in associated undertakings	(970)	(869)
<b>Net cash from investing activities</b>	<b>(513)</b>	<b>(448)</b>
<b>Cash flows from financing activities</b>		
New secured loans	655	1,300
Repayment of loans	(1,095)	(857)
New/(repayment of) finance leases	103	(33)
Dividends paid	(216)	(187)
Interest paid	(79)	(223)
<b>Net cash used in financing activities</b>	<b>(632)</b>	<b>-</b>

KINGERLEE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	As restated 2017 £000
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>969</b>	<b>(550)</b>
Cash and cash equivalents at beginning of year	2,196	2,746
<b>Cash and cash equivalents at the end of year</b>	<b>3,165</b>	<b>2,196</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,167	2,198
Bank overdrafts	(2)	(2)
	<b>3,165</b>	<b>2,196</b>

The notes on pages 18 to 41 form part of these financial statements.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1. General information

Kingerlee Holdings Limited is a private company limited by shares incorporated and domiciled in England and Wales. The address of the registered office is Thomas House, Langford Locks, Kidlington, Oxfordshire, OX5 1HR. The registered number of the Company is 00984588.

The principal activity of the Company is that of a holding company. The principal activities of the Group are the trade of construction and speculative property development.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

The financial statements are presented in pounds Sterling and are rounded to the nearest thousand pound.

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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 judgement in applying the Group's accounting policies (see note 3).

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 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 and the Report of the Directors. 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.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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 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 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.5 Associates and joint ventures

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.

##### 2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

Revenue from the sale or exchange of properties during the year but not completed until after the year-end is 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.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.7 Investment property

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

Following the Triennial Review 2017 - Transition of FRS 102, the Company has adopted the same accounting treatment of the Group and has restated the 2017 comparative to reflect this change. Previous accounting treatment for the Company had been to carry the investment property at fair value through profit and loss. See note 35 for further details.

##### 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.

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.

The estimated useful lives range as follows:

Freehold property	- 50 years
Plant and 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.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.9 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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 Group. 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.



## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

## 2. Accounting policies (continued)

### 2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 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.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.14 Financial instruments

The Group only enters into basic financial instrument 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 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 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### 2.20 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

##### 2.21 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.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

The preparation of the financial statements requires management to make judgements, 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 of 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 a material adjustment within the next financial year are included below.

Critical judgements 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 Group 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 judgements 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 Group'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.

#### 4. Turnover

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

	2018 £000	2017 £000
Construction income	34,700	30,103
Sale of land/property	3,838	890
	<u>38,538</u>	<u>30,993</u>

All turnover arose within the United Kingdom.

**KINGERLEE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**5. Other operating income**

	<b>2018 £000</b>	2017 £000
Other operating income	<b>150</b>	117
Net rents receivable	<b>75</b>	78
	<u><b>225</b></u>	<u>195</u>

**6. Operating profit**

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

	<b>2018 £000</b>	2017 £000
Impairment of financial instruments	<b>(6)</b>	(20)
Depreciation of tangible fixed assets - owned assets	<b>128</b>	126
Depreciation of tangible fixed assets - finance leases	<b>75</b>	73
Operating lease rentals	<b>71</b>	62
Profit on sale of fixed assets	<b>(31)</b>	(22)
	<u><b></b></u>	<u></u>

**7. Auditor's remuneration**

	<b>2018 £000</b>	2017 £000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<b>33</b>	35
	<u><b></b></u>	<u></u>

**Fees payable to the Group's auditor in respect of:**

All other services	<b>10</b>	13
	<u><b></b></u>	<u></u>

# KINGERLEE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 8. Employees

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

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Wages and salaries	<b>4,608</b>	4,541	-	-
Social security costs	<b>545</b>	535	-	-
Cost of defined contribution scheme	<b>559</b>	488	-	-
	<b>5,712</b>	5,564	-	-

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

	<b>2018 No.</b>	<b>2017 No.</b>
Administration	<b>25</b>	23
Production	<b>73</b>	77
	<b>98</b>	100

### 9. Directors' remuneration

	<b>2018 £000</b>	<b>2017 £000</b>
Directors' emoluments	<b>302</b>	352
Directors pension costs	<b>104</b>	95
	<b>406</b>	447

During the year retirement benefits were accruing to 4 Directors (2017: 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £103,000 (2017: £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 £34,000 (2017: £27,000).

KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Interest receivable

	2018 £000	2017 £000
Other interest receivable	3	10

11. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	79	223

12. Taxation

	2018 £000	As restated 2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	122	11
Adjustments in respect of previous periods	(45)	-
<b>Total current tax</b>	<b>77</b>	<b>11</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(23)	(72)
<b>Total deferred tax</b>	<b>(23)</b>	<b>(72)</b>
<b>Taxation on profit/(loss) on ordinary activities</b>	<b>54</b>	<b>(61)</b>

# KINGERLEE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 12. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	As restated 2017 £000
Profit on ordinary activities before tax	<u>1,527</u>	<u>974</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	290	187
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	(39)	(65)
Adjustments to tax charge in respect of prior periods	(45)	(73)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(12)
Unrelieved tax losses carried forward	(125)	(42)
Other differences leading to an increase (decrease) in the tax charge	(4)	15
Change in deferred tax asset	(23)	(71)
<b>Total tax charge for the year</b>	<u>54</u>	<u>(61)</u>

#### Factors that may affect future tax charges

The Group has tax losses available for set off against future profits of the same trade of approximately £2,323,000 (2017: £3,223,000).

### 13. Dividends

	2018 £000	2017 £000
Equity dividends	<u>216</u>	<u>187</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 £133,000 (2017: £20,000, as restated).



KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Tangible fixed assets

Group

	Freehold and investment property £000	Plant and machinery £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2018	2,573	2,418	546	5,537
Additions	-	81	203	284
Disposals	-	(1)	(165)	(166)
At 31 December 2018	2,573	2,498	584	5,655
<b>Depreciation</b>				
At 1 January 2018	685	2,223	260	3,168
Charge for the year	44	73	86	203
Disposals	-	(1)	(143)	(144)
At 31 December 2018	729	2,295	203	3,227
<b>Net book value</b>				
At 31 December 2018	1,844	203	381	2,428
At 31 December 2017	1,888	195	286	2,369

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

	2018 £000	2017 £000
Plant and machinery	19	22
Motor vehicles	355	246
	374	268

KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Tangible fixed assets (continued)

Company

	As restated Investment property £000	Plant and machinery £000	As Restated Total £000
<b>Cost or valuation</b>			
At 1 January 2018	2,418	768	3,186
At 31 December 2018	2,418	768	3,186
<b>Depreciation</b>			
At 1 January 2018	590	768	1,358
Charge for the year	33	-	33
At 31 December 2018	623	768	1,391
<b>Net book value</b>			
At 31 December 2018	1,795	-	1,795
At 31 December 2017	1,828	-	1,828

**KINGERLEE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. Fixed asset investments**

**Group**

	<b>Investments in associates £000</b>
<b>Cost or valuation</b>	
At 1 January 2018	16,177
Share of profit	699
	<hr/>
At 31 December 2018	<b>16,876</b>
	<hr/> <hr/>

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2018	99
	<hr/>
At 31 December 2018	<b>99</b>
	<hr/> <hr/>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

The registered office of each subsidiary company is the same as that of Kingerlee Holdings Limited and is disclosed in the Company Information page.

An application to strike off Green Clay Limited was made to Companies House in May 2019.

# KINGERLEE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 16. Fixed asset investments (continued)

#### Associate

The following was an associate of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Highcroft Investments PLC	Thomas House, Langford Locks, Kidlington, Oxfordshire, OX5 1HR	Investment and property holding	Ordinary	27.2%

### 17. Stocks

	Group 2018 £000	Group 2017 £000
Raw materials and consumables	122	116
Development land and property	5,887	6,989
Ground rents	55	56
	<u>6,064</u>	<u>7,161</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 £3,509,000 (2017: £703,000).

An impairment loss of £250,000 (2017: £Nil) was recognised in cost of sales against stock during the year following a review of the anticipated net realisable value.

KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

18. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
<b>Due after more than one year</b>				
Trade debtors	470	486	-	-
	<u>470</u>	<u>486</u>	<u>-</u>	<u>-</u>
	Group 2018 £000	Group As restated 2017 £000	Company 2018 £000	Company As restated 2017 £000
<b>Due within one year</b>				
Trade debtors	2,738	1,990	-	-
Amounts owed by group undertakings	-	-	3,603	3,827
Other debtors	186	301	-	-
Prepayments and accrued income	189	148	1	-
Amounts recoverable on long term contracts	2,086	722	-	-
Tax recoverable	33	53	-	-
Deferred tax asset (see note 25)	354	330	3	-
	<u>5,586</u>	<u>3,544</u>	<u>3,607</u>	<u>3,827</u>

19. Cash and cash equivalents

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	3,167	2,198	1	313
Less: bank overdrafts	(2)	(2)	(2)	(2)
	<u>3,165</u>	<u>2,196</u>	<u>(1)</u>	<u>311</u>

KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

20. Creditors: Amounts falling due within one year

	Group	Group As restated	Company	Company As restated
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank overdrafts	2	2	2	2
Bank loans	220	580	80	80
Trade creditors	3,751	3,607	-	-
Amounts owed to group undertakings	-	-	95	490
Corporation tax	122	96	25	9
Other taxation and social security	429	163	-	-
Obligations under finance lease and hire purchase contracts	127	74	-	-
Other creditors	745	660	674	596
Accruals and deferred income	4,199	3,455	33	134
	<b>9,595</b>	<b>8,637</b>	<b>909</b>	<b>1,311</b>

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

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans	640	720	640	720
Net obligations under finance leases and hire purchase contracts	202	151	-	-
Retentions owed to subcontractors	281	282	-	-
	<b>1,123</b>	<b>1,153</b>	<b>640</b>	<b>720</b>

Kingerlee Holdings Limited has a term loan with Handelsbanken of £720,000 (2017: £800,000) secured by a charge over Thomas House and by a fixed and floating charge over the assets of the Company. The interest rate is a margin of 2.5% over LIBOR and the loan is repayable over a term of five years.

At 31 December 2018, Kingerlee Homes Limited had a loan with Handelsbanken of £140,000 (2017: £500,000). The interest rate on the loan was Handelsbanken base rate 1.25% plus 2.0%. The loan was for a two year period ending 10 October 2019 and had a maximum facility of £1,900,000 available for funding construction costs of a specific development project. The bank loan was secured by a legal charge over certain freehold properties included within stocks (note 17) and other assets of the Group. Repayment of the loan was made from the proceeds of sales of that development and the loan was fully repaid in January 2019.

Kingerlee Limited has a bank overdraft facility with Handelsbanken of £750,000 secured against Thomas House and by a fixed and floating charge over the assets of the Company. The interest rate on overdrawn balances is chargeable at 3.0% per annum over Handelsbanken base rate. At 31 December 2018 the bank overdraft facility was in the name of Kingerlee Holdings Limited. The facility transferred to Kingerlee Limited in January 2019.

KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

22. Loans

	Group	Group As restated	Company	Company As restated
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Bank loans	220	580	80	80
<b>Amounts falling due 1-5 years</b>				
Bank loans	640	720	640	720
	<u>860</u>	<u>1,300</u>	<u>720</u>	<u>800</u>

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group	Group
	2018	2017
	£000	£000
Within one year	127	74
Between 1-5 years	202	151
	<u>329</u>	<u>225</u>

KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

24. Financial instruments

	Group	Group As restated	Company	Company As restated
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Financial assets</b>				
Cash at bank and in hand	3,167	2,198	1	313
Financial assets that are debt instruments measured at amortised cost	3,394	2,777	3,603	3,827
	<u>6,561</u>	<u>4,975</u>	<u>3,604</u>	<u>4,140</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(5,968)	(6,076)	(1,491)	(1,888)
	<u>(5,968)</u>	<u>(6,076)</u>	<u>(1,491)</u>	<u>(1,888)</u>

Financial assets that are debt instruments 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, retentions owed to subcontractors, amounts owed to group undertakings, amounts owed under finance leases and other creditors.

25. Deferred taxation

Group

	2018	As restated
	2017	2017
	£000	£000
At 1 January 2018 (as restated)	330	258
Charged to profit or loss	23	72
<b>At 31 December 2018</b>	<u>353</u>	<u>330</u>



KINGERLEE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

25. Deferred taxation (continued)

Company

	2018 £000
At 1 January 2018 (as restated)	-
Charged to profit or loss	3
<b>At 31 December 2018</b>	<b>3</b>

The deferred tax asset is made up as follows:

	Group 2018 £000	Group As restated 2017 £000	Company 2018 £000
Accelerated capital allowances	3	-	3
Tax losses carried forward	351	330	-
	<b>354</b>	<b>330</b>	<b>3</b>

26. Provisions

Group

	Warranty provision £000
At 1 January 2018	258
Charged to profit or loss	154
Utilised in year	(98)
<b>At 31 December 2018</b>	<b>314</b>

A provision of £314,000 (2017: £258,000) has been recognised for expected construction defect claims on construction works performed during the last three financial years. It is expected that all expenditure will be incurred within three years of the date of the Consolidated Statement of Financial Position.

# KINGERLEE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 27. Share capital

	2018 £000	2017 £000
62,500 (2017: 62,500) Ordinary shares of £0.50 each	31	31
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
57,500 (2017: 57,500) Ordinary shares of £0.50 each	29	29
	<hr/>	<hr/>

### 28. Reserves

#### Share premium account

Includes any premiums received over and above the nominal value 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 arising from revaluation. This reserve is non-distributable.

#### Other reserves

Other reserves represent Kingerlee Holdings Limited's share of the realised capital reserve of Highcroft Investments PLC and a capital redemption reserve.

#### Profit and loss account

The profit and loss account includes all current and prior period profits and losses.

### 29. Contingent liabilities

The Group has entered into performance bonds in the ordinary course of business with a total value of £1,947,000 at 31 December 2018 (2017: £1,607,000). The Group has never had a bond called and the directors' opinion is that no liability is expected to arise in respect of the current bonds.

### 30. 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 £559,000 (2017: £488,000). Contributions totalling £49,000 (2017: £47,000) were payable to the fund at the reporting date and are included in creditors.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 31. Commitments under operating leases

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	42	50
Later than 1 year and not later than 5 years	26	42
	<u>68</u>	<u>92</u>

#### 32. Related party transactions

The Group owns 27.2% (2017: 27.2%) of the ordinary share capital of Highcroft Investments PLC. During the year, the Group received investment income totalling £686,000 (2017: £595,000) from Highcroft Investments PLC.

Highcroft Investments Plc made purchases amounting to £12,000 (2017: £12,000) from Kingerlee Limited during the year in respect of rent and office services. As at 31 December 2018, no amounts were owed to Kingerlee Limited by Highcroft Investments PLC (2017: £Nil).

Interest due of £Nil (2017: £84,000) from Kingstrust Limited, a company of which D H Kingerlee was the sole director up to 23 July 2018, was agreed to be written off in the year ended 31 December 2017 by the directors. This related to a loan to Kingstrust Limited, the capital element of which was repaid to Kingerlee Holdings Limited during 2014. No amounts were due from Kingstrust Limited to Kingerlee Holdings Limited (2017: £Nil).

Included within creditors for the Group and Company are balances totalling £674,000 (2017: £596,000) due to directors and other members of their families. These amounts are unsecured, interest bearing at a rate of 2.5% and have no fixed date of repayment.

During the year ended 31 December 2018, the Group made sales to directors and immediate family members totalling £32,000 (2017: £35,000). Total amounts receivable at 31 December 2018 in respect of sales to Group directors and immediate family members were £Nil (2017: £1,000).

Key management personnel consists of the directors of Kingerlee Holdings Limited and Kingerlee Limited. Total remuneration in respect of key management personnel for the year ended 31 December 2018 was £1,133,000 (2017: £1,017,000).

The Group and Company has taken advantage of the optional exemption under FRS 102 Section 33 to not disclose transactions with other wholly-owned members of the Group on the grounds that the consolidated financial statements are publicly available.

#### 33. Post balance sheet events

T H. Kingerlee & Sons Limited, a subsidiary of Kingerlee Holdings Limited, entered into a loan facility agreement with Handelsbanken plc on 9th May 2019. The facility is to provide a loan up to a maximum amount of £4,500,000 for the specific purpose of financing construction costs of a residential development scheme, and is repayable out of the proceeds of sales from that development. The loan facility is secured by a legal charge over freehold land and properties included within stocks (note 17) and other assets of the group. The interest rate on the loan is 3.1% plus LIBOR, the facility is due for repayment before May 2021.

## KINGERLEE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 34. Controlling party

The ultimate controlling party of the Company are the shareholders of Kingerlee Holdings Limited.

#### 35. Prior year restatements

As detailed in the accounting policy for investment property, the Company has adopted the revisions to FRS 102 in the Triennial Review 2017 - Transition of FRS 102 to account for investment property at historical cost less accumulated depreciation. The Company has elected to retrospectively apply the amendments in the Triennial Review. This has resulted in the cost of investment property at 1 January 2017 being reduced by £832,000 and an increase to depreciation brought forward at 1 January 2017 by £557,000.

Further to this, the adoption of the Triennial Review has resulted in a prior year restatement of deferred tax arising on fair value movements on investment property. The prior year financial statements had a deferred tax charge in the profit and loss of £138,000 resulting in a deferred tax liability to the Company of £138,000 at 31 December 2017. These results have been reversed in these financial statements in the year ended 31 December 2017 with the net effect of a deferred tax liability on fair value movements on investment property of £Nil in the restated results for the year ended 31 December 2017.

The Company does not have a revaluation reserve in its financial statements arising from the adoption of these revisions.

The Group has also reviewed its accounting treatment with regards to deferred tax assets on taxable losses. In the prior year such assets had not been recognised, however following FRS 102 means they should have been. In restating the prior year statement a deferred tax asset of £258,000 has been recognised in the Group as at 1 January 2017, with a further increase in the asset of £72,000 being recognised as a movement in the Consolidated Statement of Comprehensive Income in the year ended 31 December 2017.

During the year ended 31 December 2018, the Group undertook a review of its classifications of social security and other taxes. In the prior period financial statements the Group had offset all liabilities due to HMRC within other debtors. In the current period financial statements, the Group has elected to disclose social security liabilities separately to other tax amounts due to HMRC and has restated the prior period comparatives of other taxation and social security within creditors falling due within one year by £163,000. Although immaterial to the financial statements, the Group consider this to be more reflective of the timing of payment of all liabilities to HMRC. This has not impacted on current assets.