

Registration number: 02243256

Kier Homes Caledonia Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2017

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Kier Homes Caledonia Limited

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Kier Homes Caledonia Limited

Company Information

Directors	S J Cooper
	J B Anderson
	D H R Browne
	C King
	N C Moore
	T D Thomas
Company secretary	B Melges
Registered office	Tempsford Hall Sandy Bedfordshire SG19 2BD
Bankers	National Westminster Bank 81 High Street Bedford Bedfordshire MK40 1YN
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Kier Homes Caledonia Limited

Strategic Report for the Year Ended 30 June 2017

The directors present their strategic report for Kier Homes Caledonia Limited (the "Company") for the year ended 30 June 2017.

Fair review of the business and future development

The Company is a member of the Kier Group plc ("Kier") group of companies (the "Kier Group" and the "Group").

The principal activities of the Company are set out in the Income Statement on page 11.

Turnover for the year was £17,452,000 (2016: £19,297,000), an decrease of 10% in the year. The number of house sale completions increased by 5 to 116 (2016: 111)

The Gross loss for the year was £543,000 compared with a Gross profit of £103,000 in 2016.

The Operating loss for the year was £1,123,000 (2016: £353,000), an increase of 218% due to the decreased turnover and an increase in administration expenses £580,000 (2016: £456,000). The business continues to be directed, managed and controlled centrally by the parent company Kier Living Limited and a management charge of £1,120,000 (2016: £1,010,000) was incurred in the financial year, this charge is based on plot completions.

Finance costs of £3,518,000 (2016: £3,759,000) showed a 6% decrease.

As at 30 June 2017, the land bank contained 507 units (2016: 623). The current land bank provides sufficient pipeline for the Company's current business plan.

As at the year-end net liability was £39,570,000 (2016: £35,713,000). The movement in the balance mainly comprised the loss before taxation of £4,641,000 (2016: £4,112,000) offset due to the reduction in work in progress of £3,223,000 as the Company delivers cash returns from its existing land bank.

As at the end of the year the order book for unit completions represented 34% of the total required for the year ending June 2018. This means the Company is in a position to perform satisfactorily in what continues to be a competitive market.

Corporate responsibility

The Kier Group attaches great importance to its corporate responsibility, as evidenced by the Responsible Business, Positive Outcomes section in the Kier Group plc 2017 Annual Report and in its Corporate Responsibility Report for 2017, which is available at www.kier.co.uk. As a member of the Kier Group, the Company abides by the same principles.

Kier Homes Caledonia Limited

Strategic Report for the Year Ended 30 June 2017 (continued)

Principal risks and uncertainties

Insufficient finance / funding - The Company is dependant for its working capital on funds provided by Kier Living Limited the company's immediate parent undertaking which is a subsidiary of the Kier Group plc. Measures are taken to minimise cash requirements such as ensuring cash is collected in a timely manner. Regular updates to forecast cash requirements are provided to the immediate parent undertaking.

Ineffective contract delivery - Build programmes are monitored on a weekly basis and performance of supply chain regularly reviewed. New members to our supply chain actively are sought subject to our vetting procedures.

Impact of Brexit - The business has not seen any adverse effect from Brexit, but will continue to monitor the sales rates, house prices and on-going demand

Approved by the Board on 19 December 2017 and signed on its behalf by:



.....
S J Cooper
Director

Kier Homes Caledonia Limited

Directors' Report for the Year Ended 30 June 2017

The directors present their report and the audited financial statements for the year ended 30 June 2017.

Directors of the Company

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

S J Cooper

J B Anderson

D H R Browne

C King

N C Moore

T D Thomas

Dividends

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 30 June 2017. This dividend has not been recognised as a liability in the financial statements.

Financial risk management

Objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk and liquidity risk.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

Price risk is managed through holding a diversified portfolio of properties for sale to minimise the risks associate with a fall in market value.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company is fully supported by its parent company

Employees

As a Group, Kier is committed to ensuring that the Group is free from discrimination on the basis of gender, colour, ethnic or national origin, disability, age, marital or civil partner status, sexual orientation or religion. Diversity of talent and experience is essential for the continued growth of Kier. Goals have been set to improve the diversity mix of graduates, apprentices and trainees into the Group.

Employment of disabled persons

The companies in the Kier Group, of which the company is a member, are equal opportunities employers. The Group consider applications for employment from disabled persons (having regard to their particular aptitudes and abilities) and encourages and assists, wherever practicable, the recruitment, training, career development and promotion of disabled people and the retention of, and appropriate training for, those who become disabled during their appointment.

Further information on the Group's people and communities policy is set out in the Corporate Responsibility Report for 2017 which is available at www.kier.co.uk.

Kier Homes Caledonia Limited

Directors' Report for the Year Ended 30 June 2017 (continued)

Employee involvement

The Group provides information to employees through newsletters, video addresses, the Group's intranet, social media and formal and informal meetings with various groups of employees and management. The Group also conducts engagement surveys to obtain feedback on matters of importance to employees. The Group operates Sharesave Schemes for eligible employees and a Share Incentive Plan for all employees, which includes a share-matching element.

Environmental matters

The health and safety of all those who visit and work at the Group's sites, together with the protection of the environment are key priorities for Kier.

The Kier Group Safety, Health and Environment Committee, continues to seek improvement in the management of safety, health and environment ("SHE") risks in the workplace.

The role of the Committee includes:

- Ensuring that management develops and implements the Group's strategy with respect to SHE matters;
- Encouraging management's commitment and accountability with respect to managing the Group's SHE risks;
- Reviewing and, as necessary, approving material Group-wide SHE initiatives, policies and procedures;
- Receiving reports on any major SHE incidents and ensuring that management communicate the 'lessons learned' from those incidents across the Group; and
- Monitoring and challenging management on the Group's performance against SHE targets.

For further information on Kier Group's activities with regards to SHE matters, please see the Kier Group plc 2017 Annual Report (available at www.kier.co.uk).

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided by Kier Living Limited, the Company's immediate holding company. Kier Living Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company.

This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Corporate responsibility

The Kier Group attaches great importance to its corporate responsibility, as evidenced by the Responsible Business, Positive Outcomes section in the Kier Group plc 2017 Annual Report and in its Corporate Responsibility Report for 2017, which is available at www.kier.co.uk. As a member of the Kier Group, the company abides by the same principles

Kier Homes Caledonia Limited

Directors' Report for the Year Ended 30 June 2017 (continued)

Directors' liabilities

The articles of association of the Company entitle the directors of the Company, to the extent permitted by the Companies Act 2006 and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as directors of the Company.

In addition, Kier maintains insurance for the directors and officers of the companies within the Kier Group to cover certain losses or liabilities to which they may be exposed due to their office.

Reappointment of auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Statement of disclosure of information to the Auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 19 December 2017 and signed on its behalf by:



.....
S J Cooper
Director

Kier Homes Caledonia Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date of the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware of, and
- they have taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors' report to the members of Kier Homes Caledonia Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kier Homes Caledonia Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 June 2017; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19 December 2017

Kier Homes Caledonia Limited

Income Statement for the Year Ended 30 June 2017

	Note	2017 £ 000	2016 £ 000
Revenue	4	17,452	19,297
Cost of sales		<u>(17,995)</u>	<u>(19,194)</u>
Gross (loss)/profit		(543)	103
Administrative expenses		<u>(580)</u>	<u>(456)</u>
Operating loss		(1,123)	(353)
Finance costs	5	<u>(3,518)</u>	<u>(3,759)</u>
Loss before taxation		(4,641)	(4,112)
Income tax receipt	8	<u>784</u>	<u>794</u>
Loss for the financial year		<u><u>(3,857)</u></u>	<u><u>(3,318)</u></u>

The above results were derived from continuing operations.

Kier Homes Caledonia Limited

Statement of Comprehensive Income for the Year Ended 30 June 2017

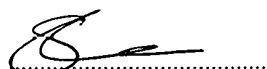
	Note	2017 £ 000	2016 £ 000
Loss for the financial year		<u>(3,857)</u>	<u>(3,318)</u>
Total comprehensive expense for the year		<u><u>(3,857)</u></u>	<u><u>(3,318)</u></u>

The notes on pages 15 to 22 form an integral part of these financial statements.

Kier Homes Caledonia Limited
(Registration number: 02243256)
Statement of Financial Position as at 30 June 2017

	Note	2017 £ 000	2016 £ 000
Assets			
Current assets			
Inventories	9	46,431	49,654
Trade and other receivables	10	393	1,277
Income tax asset		968	1,041
		<u>47,792</u>	<u>51,972</u>
Equity and liabilities			
Current liabilities			
Trade and other payables	13	56,002	54,425
Loans and borrowings	12	31,360	33,260
		<u>87,362</u>	<u>87,685</u>
Equity			
Other reserves		5,173	5,173
Profit and loss account		<u>(44,743)</u>	<u>(40,886)</u>
		<u>(39,570)</u>	<u>(35,713)</u>
Total equity and liabilities		<u>47,792</u>	<u>51,972</u>

The financial statements of page 11 to 21 were approved by the Board of Directors and signed on its behalf by:



S J Cooper
Director

Kier Homes Caledonia Limited

Statement of Changes in Equity for the Year Ended 30 June 2017

	Other reserves £ 000	Accumulated Losses £ 000	Total Equity £ 000
At 1 July 2016	5,173	(40,886)	(35,713)
Loss for the financial year	-	(3,857)	(3,857)
Total comprehensive expense for the year	-	(3,857)	(3,857)
At 30 June 2017	5,173	(44,743)	(39,570)

	Other reserves £ 000	Accumulated Losses £ 000	Total Equity £ 000
At 1 July 2015	5,173	(37,568)	(32,395)
Loss for the financial year	-	(3,318)	(3,318)
Total comprehensive expense for the year	-	(3,318)	(3,318)
At 30 June 2016	5,173	(40,886)	(35,713)

The notes on pages 15 to 22 form an integral part of these financial statements.

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

1 General information

The Company is a private company limited by share capital incorporated and domiciled in England & Wales.

The address of its registered office is:

Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 issued by the Financial Reporting Council. Accordingly in the year ended 30th June 2016 the company made a transition from reporting old UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The transition was not considered to have had a material effect on the financial statements. Statements have been produced in accordance with the Companies Act 2006. Financial Reports have all been prepared under an Historical cost and a going concern basis

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101:

IAS 7: Complete exemption from preparing a cash flow statement and related notes;

IAS 8: The listing of new or revised standards that have not been adopted (and information about their likely impact) has been omitted;

IFRS 7: Complete exemption from all of the disclosure requirements of IFRS 7, Financial Instruments, other than for those instruments where these disclosures are still required to comply with the law;

IFRS 13: Complete exemption from all of the disclosure requirements of IFRS 13, Fair value measurement;

IAS 24: Exemption from disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member; and

IAS 24: Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 July 2016 have had a material effect on the financial statements.

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

- The amount of revenue can be reliably measured
- It is probable that future economic benefits will flow to the entity
- Development Turnover is recognised on legal completion on a plot by plot basis

Tax

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

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

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

2 Accounting policies (continued)

Inventories

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory 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.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not yet matched with turnover.

Speculative housing land, stock plots and work in progress, which includes attributable overheads, is stated at the lower of cost and net realisable value.

Part exchange stock is stated at the lower of cost and net realisable value.

Trade payables

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

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

Borrowings

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

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

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

Share capital

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

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Management believe that its current valuation of mothballed residential sites is supportable in all material respects in light with of management's current development plans.

Profit

Profit on Housing Developments is calculated in accordance with UK accounting standards and industry practice

The Principle estimation technique used by the company attributing profit on housing developments to a particular accounting period is the preparation of forecasts on a development by development basis. These focus on cost to complete and enable an assessment to be made to the final outturn on each development. Consistent scheme review procedures are in place in respect of scheme forecasting.

The general principles for profit recognition are:

- Profit on speculative housing and mixed tenure housing developments is recognised on completion on a plot by plot basis.
- Provision is made for losses incurred or foreseen in bring the development to completion as soon as they become apparent, and
- Claims receivable are recognised as income when received or certified for payment except that, in preparing forecasts to completion, a prudent and reasonable evaluation of claims receivable may be included to mitigate foreseeable losses.

4 Revenue

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

	2017 £ 000	2016 £ 000
Sale of goods	17,452	19,297

5 Finance costs

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowings	3,518	3,759

6 Directors' remuneration

Directors' emoluments are paid through the Kier Living Limited parent company and charged to Kier Homes Caledonia Limited through a management recharge. The remuneration of those directors is dealt with in the financial statements of Kier Living Limited.

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

7 Auditors' remuneration

The audit fee for the financial year ended 30 June 2017 has been paid through the parent company Kier Living Limited and charged to Kier Homes Caledonia Limited through a management charge. The audit fee attributable for Kier Home Caledonia Limited for 2017 was £11,000 (2016; £11,000). No other fees were payable to the auditors for its services to the Company.

8 Income tax

Tax charged/(credited) in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	(917)	(816)
UK corporation tax adjustment to prior periods	(45)	20
	<u>(962)</u>	<u>(796)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	2	15
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	176	(13)
	<u>178</u>	<u>2</u>
Total deferred taxation	<u>(784)</u>	<u>(794)</u>

The tax on profit before taxation for the for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.75 (2016 - 20%)

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Loss before tax	<u>(4,641)</u>	<u>(4,112)</u>
Corporation tax at standard rate	(917)	(822)
Increase (decrease) in current tax from unrecognised temporary difference from a prior period	(45)	20
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	177	(13)
Deferred tax expense (credit) relating to changes in tax rates or laws	1	19
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	2
Total tax credit	<u>(784)</u>	<u>(794)</u>

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

8 Income tax (continued)

The deferred tax balance as at the year end has been recognised at 17.0% which is the enacted corporation tax rate that will be effective from 1 April 2020.

Amounts recognised in other comprehensive income

	Before tax £ 000	2017 Tax (expense) benefit £ 000	Net of tax £ 000
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Deferred tax

Deferred tax movement during the year:

	At 1 July 2016 £ 000	Recognised in income £ 000	At 30 June 2017 £ 000
Accelerated tax depreciation	18	(18)	
Other items	177	(161)	16
Net tax assets/(liabilities)	<u>194</u>	<u>(178)</u>	<u>16</u>

Deferred tax movement during the prior year:

	At 1 July 2015 £ 000	Recognised in income £ 000	At 30 June 2016 £ 000
Accelerated tax depreciation	-	18	18
Other items	196	(20)	177
Net tax assets/(liabilities)	<u>196</u>	<u>(2)</u>	<u>194</u>

9 Inventories

	2017 £ 000	2016 £ 000
Work in progress	<u>46,431</u>	<u>49,654</u>

The cost of inventories recognised as an expense in the year amounted to £17,995,000 (2016 - £19,194,000). This is included within cost of sales.

10 Trade and other receivables

	2017 £ 000	2016 £ 000
Trade receivables	206	879
Receivables from related parties	5	-
Prepayments	36	35
Other receivables	<u>146</u>	<u>363</u>
Total current trade and other receivables	<u>393</u>	<u>1,277</u>

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

10 Trade and other receivables (continued)

Details of non-current trade and other receivables

£16,062 (2016: £194,000) of other receivable is classified as non current. This relates to deferred tax.

11 Share capital

Allotted, called up and fully paid shares

	No.	2017 £ 000	No.	2016 £ 000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

12 Loans and borrowings

	2017 £ 000	2016 £ 000
Current loans and borrowings		
Bank overdrafts	<u>31,360</u>	<u>33,260</u>

13 Trade and other payables

	2017 £ 000	2016 £ 000
Trade payables	1,745	2,385
Accrued expenses	2,492	1,678
Amounts due to related parties	<u>51,765</u>	<u>50,362</u>
Total current trade and other payables	<u>56,002</u>	<u>54,425</u>

14 Dividends

The directors are proposing a final dividend of £Nil (2016 - £Nil) per share totalling £Nil (2016 - £Nil). This dividend has not been accrued in the statement of financial position.

Kier Homes Caledonia Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

15 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is Kier Living Limited registered address Tempsford Hall, Sandy, Bedfordshire SG19 2BD .

These financial statements are available upon request from Kier Group plc.

The company is a wholly owned subsidiary of Kier Group plc registered address Tempsford Hall, Sandy, Bedfordshire, SG19 2BD. The immediate holding company and controlling party is Kier Living Limited. The parent of the largest group for which group financial statements have been drawn up is Kier Group plc. Both these parent companies are registered in England and Wales and copies of their financial statements will be filed with Companies House, Crown Way, Cardiff, where they will be available to the public.