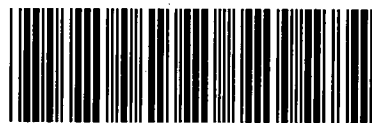


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Kier Homes Caledonia Limited
Directors' report and financial
statements
Registered number 2243256
30 June 2014

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Contents

| | |
|---|----|
| Strategic report | 1 |
| Directors' report | 4 |
| Statement of Directors' responsibilities in respect of the Directors' report and the financial statements | 5 |
| Independent auditor's report to the members of Kier Homes Caledonia Limited | 6 |
| Profit and loss account | 8 |
| Balance sheet | 9 |
| Reconciliation of movements in shareholders' funds | 10 |
| Notes | 11 |

Strategic Report

The directors present their Strategic Report for the year ended 30 June 2014.

Principal activities

The principal activity of the company is residential and land property development.

Business review

The trading results for the year are set out in the Profit and Loss Account on page 8.

Turnover of £17,609,000 (2013: £11,386,000) increased by 55% in the year. This was as a result of increased house sale completions by 25 homes to 94 (2013: 69) and a change in product mix sold increasing the average selling price to £187,000 (2013: £165,000) an increase of 13%.

Gross loss of £463,000 (2013: £395,000) increased by 17% in the year, due to increased refurbishment costs on listed buildings present our Hawkhead Village site, offsetting increased turnover on plot completions as described above.

Operating loss of £1,927,000 (2013: £1,559,000) increased by 24% in the year, due to a reduction in gross profit and higher administrative expenses. The business continues to be directed, managed and controlled centrally from Lysander House and a management charge of £1,352,000 (2013: £986,000) was incurred in the financial year, this charge calculated is based on plot completions.

Finance costs of £3,999,000 (2013: £3,939,000) increased by 1% in the year. This was as a result of higher production activity over the 12 month period.

The tax credit is at an average rate of 22% (2013: credit of 24%). The reasons for the variance from the current UK rate for the year of 22.5% (2013: 23.75%) are set out in Note 6.

As at 30 June 2014, the land bank contained 832 units (2013: 926). The current land bank provides sufficient pipeline for Company's current business plan.

As at the year-end net debt was £35,457,000 (2013: £37,347,000 net debt). The movement in the balance mainly comprised the loss before tax (excluding depreciation and amortisation) of £5,926,000 (2013: £5,498,000) offset by a reduction in working capital of £6,485,000, this was predominately due to the reduction in work in progress 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 25% of the total required for the year ended June 2015. The Company is engaged in the Scottish backed Help to Buy scheme which was launched on the 30th September 2013, this has supported a general uplift in demand in the Scottish housing market. This means the Company is in a position to perform satisfactorily in what continues to be a competitive market.

Strategic Report (continued)

Employees

The Company is an equal opportunity employer. It provides relevant information on matters of concern to employees through newsletters and formal and informal meetings with local management. The Company encourages and assists, wherever practicable, the recruitment, training, and career development of disabled people and the retention of those who become disabled during the course of their employment and who can be employed in a safe working environment. Kier Group Plc operates a Sharesave scheme for all eligible employees of group companies and makes available a dealing service to enable employees to buy and sell its shares with a minimum of formality and on competitive commission terms. The Group also operates an AESOP scheme for all employees.

Policy and practice on payment of creditors

The Company agrees payment terms with its suppliers and sub contractors on an individual contract basis rather than following a standard code. The policy is to abide by these agreed terms whenever it is satisfied that the suppliers or sub contractors have provided the goods or services in accordance with the contract terms and conditions. Acting in accordance with this policy, the Company's aggregate trade creditors at 30 June 2014, including amounts not currently due, represent 39 creditor days (2013: 41 days).

Health, Safety & Environmental

The health and safety of our employees and our sub-contractors is our top priority. We will not compromise in ensuring that everyone leaves our sites safe and well. We continually review and update our comprehensive health, safety and environmental management systems to reflect changes in legislation, controls and best practice.

We continue to compare favourably with the construction industry with an Annual Injury Incident Rate (AIIR) of zero compared to the HSE industry average of 414.

We participate in the UK government's CRC (Carbon Reduction Commitment) scheme. We measure our office and site electricity, gas and other fuels for the scheme and our results are incorporated into the Kier Group Plc overall results.

Corporate responsibility

We are committed to working with local people and community groups while our schemes go through the planning process. We aim to keep all members of the communities in which we build, up to date both throughout the life of the development.

Kier Group plc attaches great importance to its corporate responsibility, as evidenced by the extensive Corporate Responsibility Report in its Financial Statements. As a member of the Kier group the Company abides by the same principles.

Strategic Report (continued)

Risks and uncertainties

The Company is party to the Kier Group plc Risk Management and Internal Control systems. This requires each company within the group to:

- identify risks and record them in a risk register;
- diagnose and qualify the risks as to their likelihood and impact, record the controls established and monitor their effectiveness;
- develop a plan to mitigate the likelihood and impact of the identified risks;
- regularly review the risk registers and action plans; and
- report key issues upwards to Kier Group plc.

The key risks identified for the Company, and the mitigating actions taken, are:

| Risk description | Mitigation |
|--|--|
| Ability to attract and retain high-calibre employees – insufficient employee numbers and/or skills within the Company would have a detrimental impact on delivering our business plan | We continually review our resource requirements to ensure they are in line with our business plan. We monitor employee turnover levels on a monthly basis. Annual performance reviews are conducted with all employees. An employee engagement survey has recently undertaken and the results will be acted on accordingly |
| Market demand – changes within the wider economy such as interest rate changes, unemployment levels and mortgage availability could suppress demand for housing | We minimise our exposure on speculative build we have on our sites at any one time. We closely monitor and report visitor levels. Kier Homes Caledonia participate in the Scottish Help to Buy scheme. |
| Political – the Scottish independent referendum will take place on the 18 th September 2014. This creates uncertainty around the Scottish economy | It is unknown at present what impact, if any, the result of the vote will have on Scottish housing policies and its economy. We believe our management team are well placed to monitor the outcome closely and take any relevant action required |

On behalf of the board



S J Cooper
 Director
 16 September 2014

Directors' report

The directors present their Directors' report and financial statements for the year ended 30 June 2014.

Directors

The directors who held office during the year were as follows:

J B Anderson
A J Gordon-Stewart (resigned 16 June 2014)
D H R Browne
C King
N C Moore
T D Thomas
S J Cooper (appointed 9 June 2014)

Disclosure of information to auditor

Persons still serving as a director at the date of this report confirms:

- so as far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 30th June 2014 of which the auditors are unaware; and
- the directors have taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Donations

The Company did not make any political donations in the year.

Auditor

KPMG Audit Plc resigned as auditor on 10 April 2014 pursuant to section 516 of the Companies Act 2006. On 23 July 2014, the Directors appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006.

On behalf of the board



S J Cooper
Director

Lysander House
Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

16 September 2014

Statement of Directors' Responsibilities in respect of the Strategic Report and the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). 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 loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are also 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. They have a general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Kier Homes Caledonia Limited

We have audited the financial statements of Kier Homes Caledonia Limited for the year ended 30 June 2014 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 company's members, as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

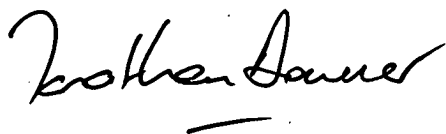
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



**Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London

E14 5GL

16 September 2014

Profit and loss account
for the year ended 30 June 2014

| | Note | 2014 £000 | 2013 £000 |
|--|------|-----------------|--------------|
| Turnover | | 17,609 | 11,386 |
| Cost of sales | 2 | (18,072) | (11,781) |
| Gross loss | | (463) | (395) |
| Administrative expenses | 2 | (1,464) | (1,164) |
| Operating loss | | (1,927) | (1,559) |
| Interest payable and similar charges | 5 | (3,999) | (3,939) |
| Loss on ordinary activities before taxation | 2-4 | (5,926) | (5,498) |
| Tax credit on loss on ordinary activities | 6 | 1,332 | 1,302 |
| Loss on ordinary activities after taxation | | (4,594) | (4,196) |
| Loss for the financial year | 13 | (4,594) | (4,196) |

Notes from page 11-20 form part of the financial statements.

All of the above results relate to continuing activities.

There were no other recognised gains or losses other than the loss for the financial year and the previous financial year.

There is no difference between the historical cost results and the results stated above.

Balance sheet at 30 June 2014

| | Note | £000 | 2014 £000 | £000 | 2013 £000 |
|---|------|-----------------|-----------------|-----------------|-----------------|
| Current assets | | | | | |
| Stocks and work in progress | 8 | 60,506 | | 66,110 | |
| Debtors | 9 | 4,056 | | 3,738 | |
| | | <u>64,562</u> | | <u>69,848</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(91,200)</u> | | <u>(91,892)</u> | |
| Net current liabilities | | | (26,638) | | (22,044) |
| Total assets less current liabilities | | | (26,638) | | (22,044) |
| Net liabilities | | | (26,638) | | (22,044) |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | - | | - |
| Convertible loan equity | 12 | | 5,173 | | 5,173 |
| Profit and loss account | 13 | | (31,811) | | (27,217) |
| Shareholders' deficit | | | (26,638) | | (22,044) |

These financial statements were approved by the board of directors on 16 September 2014 and were signed on its behalf by:



S J Cooper
 Director

Company No: 2243256

Notes from page 11-20 form part of the financial statements.

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2014

| | 2014 £000 | 2013 £000 |
|---|----------------------------|--------------|
| Loss for the financial year | (4,594) | (4,196) |
| Net reduction to shareholders' funds | (4,594) | (4,196) |
| Opening shareholders' deficit | (22,044) | (17,848) |
| Closing shareholders' deficit | (26,638) | (22,044) |

Notes from page 11-20 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The consolidated financial statements of Kier Group Plc, within which this Company is included, can be obtained from the address given in note 17.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company's net liabilities, 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 parent undertaking. 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 that 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 that 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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stock and work in progress, which includes attributable overheads, is stated at the lower of cost and net realisable value. Where net realisable value is below cost a write down is taken to cost of sales.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Notes (continued)

1 Accounting policies (*continued*)

Taxation

The credit for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover comprises the sale of houses, land and goods and services provided excluding value added tax.

Turnover is considered by the directors to be a single class of activity. The Company operates solely in the United Kingdom.

Revenue recognition

Revenue in respect of house sales is taken at the time of legal completion of the sale. Revenue in respect of land sales and land exchanges is taken on the unconditional exchange of contract.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at the date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Related Party Transactions

The company has taken advantage of the exemption allowed in Financial Reporting Standard 8 'Related Party Disclosures' in order to dispense with the requirement to disclose transactions with other wholly owned Kier Group plc companies.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 'Cash flow statements' from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a holding company registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement

Notes (continued)

2 Notes to the profit and loss account

| | 2014 £000 | 2013 £000 |
|--|----------------------------|--------------|
| <i>Loss on ordinary activities before taxation is stated after charging</i> | | |
| Operating leases - Land and buildings | - | 40 |
| - Plant and machinery | - | 30 |
| Management Charge from Kier Living Limited | 1,352 | 986 |
| | <hr/> | <hr/> |
| <i>Auditor's remuneration:</i> | | |
| | 2014 £000 | 2013 £000 |
| Audit of financial statements pursuant to legislation | 11 | 11 |
| | <hr/> | <hr/> |

The 2013 auditors' remuneration for statutory audit services and non-audit services relate solely to amounts paid to KPMG Audit LLP. The 2014 amounts relate solely to amounts paid to KPMG LLP.

The audit fee for the financial year 30 June 2014 has been paid through the parent company Kier Living Limited and charged to Kier Homes Caledonia Limited through a management charge.

Amounts receivable by the Company's auditor and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Kier Group plc.

Notes (continued)

3 Remuneration of directors

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

4 Staff numbers and costs

All staff remuneration is paid by Kier Living Limited and charged to Kier Homes Caledonia Limited through a management charge as disclosed in note 2.

5 Interest payable and similar charges

| | 2014 £000 | 2013 £000 |
|------------------------------|----------------------------|-------------------|
| On bank loans and overdrafts | 1,749 | 1,689 |
| Inter-company interest | 2,250 | 2,250 |
| | <hr/> 3,999 <hr/> | <hr/> 3,939 <hr/> |

6 Taxation

Analysis of credit in year

| | £000 | 2014 £000 | £000 | 2013 £000 |
|--|----------------|----------------------|-------------|----------------------|
| <i>UK corporation tax</i> | | | | |
| UK Corporation tax credit based on the result for the year | (1,331) | | (1,306) | |
| Adjustments in respect of prior years | (1) | | 4 | |
| | | | | |
| Total tax credit for the year | | (1,332) | | (1,302) |

The tax figures disclosed above exclude any debt capitalisation and transfer pricing adjustments. Any unmatched differences arising from the debt capitalisation and transfer pricing adjustments will be borne by Kier Limited.

Factors affecting the tax credit for the current year

The current tax credit for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 22.5% (2013: 23.75%). The differences are explained below.

| | 2014 £000 | 2013 £000 |
|--|----------------------|----------------------|
| <i>Current tax reconciliation</i> | | |
| Loss on ordinary activities before tax | (5,926) | (5,498) |
| | | |
| Current tax at 22.5% (2013: 23.75%) | (1,333) | (1,306) |
| | | |
| <i>Effects of:</i> | | |
| Other short term timing differences | 2 | - |
| (Over) / under provision in respect of prior years | (1) | 4 |
| | | |
| Current tax credit for year | (1,332) | (1,302) |

Notes (continued)

6 Taxation (continued)

Factors that may change future tax credits

The Chancellor has so far cut the main rate of corporation tax from 24% to 21% since 2012, and announced it will reduce further by an additional 1% in April 2015, so it will reach 20%. The corporate tax reduction from 23% to 21% effective from 1 April 2014, and a further reduction to 20% effective from 1 April 2015 were both substantively enacted on 2 July 2013.

The deferred tax balance as at the year-end has been recognised at 20%.

7 Dividends

The aggregate amount of dividends proposed, but not recognised as liabilities as at the year end is £nil (2012: £nil).

8 Stocks

| | 2014 £000 | 2013 £000 |
|--|---------------|--------------|
| Land and work in progress held for development | 60,506 | 66,110 |

9 Debtors

| | 2014 £000 | 2013 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 2,179 | 1,821 |
| Corporation tax | 1,672 | 1,623 |
| Prepayments and accrued income | 9 | 39 |
| Other debtors | 196 | 255 |
| | 4,056 | 3,738 |

Notes (continued)

10 Creditors: amounts falling due within one year

| | 2014 | 2013 |
|------------------------------------|---------------|--------|
| | £000 | £000 |
| Bank loans and overdrafts | 35,457 | 37,347 |
| Trade creditors | 2,038 | 1,708 |
| Amounts owed to group undertakings | 51,420 | 51,256 |
| Other taxation and social security | - | 5 |
| Accruals and deferred income | 2,285 | 1,576 |
| | 91,200 | 91,892 |

Amounts owed to group undertakings includes a £50,000,000 loan from its parent company Kier Living Limited which is repayable on demand and incurs interest charges at 4.5% per annum.

Notes (continued)

11 Called up share capital

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| Authorised | | |
| 100 ordinary shares of £1 each | - | - |
| Allotted, called up and fully paid | | |
| 100 ordinary shares of £1 each | - | - |

12 Convertible loan equity

| | 2014 £000 | 2013 £000 |
|-------------------------|--------------|--------------|
| Convertible loan equity | 5,173 | 5,173 |

This represents the value attached to the convertible feature of an unsecured convertible loan which matured and was paid on 30 June 2009. The £5,173,000 was measured at the inception of the convertible loan by subtracting the present value of the convertible loan of £29,827,000 from the nominal value of £35,000,000

13 Profit and loss account

| | 2014 £000 | 2013 £000 |
|-----------------------------|-----------------|-----------------|
| At beginning of year | (27,217) | (23,021) |
| Loss for the financial year | (4,594) | (4,196) |
| At end of year | (31,811) | (27,217) |

14 Contingent liabilities

There are no contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other agreements, other than those entered into in the normal course of business.

The Company is party to cross guarantees in respect of group banking arrangements in which Kier Group Plc has no net liability.

Notes (continued)

15 Commitments

- (a) The Company has no future capital commitments.
- (b) Annual commitments under non-cancellable operating leases are as follows:

| | 2014 Land and buildings £000 | Other £000 | 2013 Land and Buildings £000 | Other £000 |
|--|---|-----------------------|---|-----------------------|
| Operating leases which expire: | | | | |
| Within one year | - | - | 16 | - |
| In the second to fifth years inclusive | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | - | 16 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

16 Pension scheme

The Company is a member of the Kier Group Pension Scheme a section of which provided benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits' the scheme is accounted for by the Company as if the scheme was a defined contribution scheme. Full disclosure of the deficit in the Kier Group Pension Scheme (defined benefit section) is provided in the financial statements of the ultimate parent Company, Kier Group Plc.

17 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

The Company is a wholly owned subsidiary of Kier Living Limited. The ultimate parent Company is Kier Group Plc. The largest and smallest group in which the results of the Company are consolidated is that headed by Kier Group Plc. The consolidated accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Cardiff.