

Registration number: 02243256

Kier Homes Caledonia Limited  
Annual Report and Financial Statements  
for the Year Ended 30 June 2020



## **Kier Homes Caledonia Limited**

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## **Kier Homes Caledonia Limited**

### **Company Information**

#### **Directors**

T D Thomas

I J Mitchell

G B Phillips

#### **Company secretary**

P Higgins

#### **Registered office**

81 Fountain Street  
Manchester  
England  
M2 2EE

#### **Bankers**

National Westminster Bank  
81 High Street  
Bedford  
Bedfordshire  
MK40 1YN

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## **Kier Homes Caledonia Limited**

### **Strategic Report for the Year Ended 30 June 2020**

The directors present their strategic report for Kier Homes Caledonia Limited (the "Company") for the year ended 30 June 2020.

#### **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").

#### **Principal activities**

The principal activity of the Company used to be that of a private house builder on residential land. The Company has now exited from the final development and is now largely dormant. The financial results are set out in the Income Statement on page 11.

Turnover for the year was £nil (2019: £715k), as the final 4 plot sales happened in the 2019 financial year.

During the year the Company transferred its last remaining plots of development land to Kier MBS Limited, another Kier Group plc subsidiary. The transfer was at carrying value of £7,910k with no gain or loss recognised in the income statement

The gross loss for the year was £1,138k (2019: £31,944k) due to the final settlement of subcontractor costs. The operating loss for the year was £1,201k (2019: £31,899k). Finance costs were in line with the prior year at £3,358k (2019: £3,295k).

As at year-end total negative equity was £81,843k (2019: £77,283k).

Following the year-end the Company's immediate parent, Kier Living Limited, formally forgave a £50m intercompany loan owed by Kier Homes Caledonia. This is a non-adjusting event and so the resulting £50m gain will be recorded in the Company's accounts for the year-end 30 June 2021.

#### **Corporate responsibility**

Please see the Sustainability section in the Kier Group plc 2020 Annual Report (pages 42 - 55 inclusive), which is available at [www.kier.co.uk](http://www.kier.co.uk), for details of the Group's corporate responsibility activities. As a member of the Group, the Company has participated in these activities.

#### **Stakeholders**

Kier is committed to engaging with our people, our stakeholders and the communities in which we operate, and creating a healthy and sustainable culture. The Directors of the Company have had regard for the matters set out in section 172(1) (a)-(f) of the Companies Act when performing their duty under s172. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business. The Company is a member of the Group; engagement with its or the Group's key stakeholders, including employees, shareholders, Government, the supply chain, lenders, the environment and the communities in which the Group or the Company operates continues to be an integral part of the Board's decision-making.

The 2020 annual report and accounts of Kier Group plc (pages 56 and 57) provides examples of how the Directors of the Company had regard to the matters set out in s172(1)(a)-(f) of the Companies Act 2006 during the year when performing their duty under section 172.

Below are examples of the Group's key stakeholders and its engagement with them. The Company has supported the Group in this engagement.

## **Kier Homes Caledonia Limited**

### **Strategic Report for the Year Ended 30 June 2020 (continued)**

#### ***Suppliers***

The company has continued to engage with its suppliers to reduce the number of supply chain payment days. Many of the supply chain are long term partners of the company, and of its parent, Kier Living. Both the company and Kier Living are committed to further improvements in our payment practices and continue to work with our customers and suppliers to achieve this.

#### **Principal risks and uncertainties**

The Board is responsible for the Company's system of risk management and internal controls and for ensuring that significant risks are identified and appropriately managed. The Board has delegated the review of the effectiveness of the Company's risk management processes to the Kier Group Risk Management and Audit Committee ("RMAC"), including the systems established to identify, assess, manage and monitor risk. The risks faced by the Company are reviewed by the RMAC on a quarterly basis.

The principal risks as relevant to the Company are set out below, together with a summary of the actions taken to mitigate each risk.

#### ***Funding***

Principal risk: failure to maintain adequate funding or liquidity. The Company requires access to Kier Group funding and associated facilities (for example, bonding lines) to be able to operate and conduct its business effectively.

Potential impact:

- The loss of confidence by other stakeholders (for example, investors, clients, subcontractors and employees);
- Conducting existing business becomes increasingly challenging; and
- The loss of future business.

Mitigating actions:

- Effective cash forecasting, with regular updates of cash requirements being provided to the immediate parent undertaking, and working capital management;
- Collaborative engagement with banks, lenders and sureties; and
- Measures are taken to minimise cash requirements such as agreeing deferred payment terms and ensuring cash is collected in a timely manner.

Approved by the Board on 22<sup>nd</sup> January 2021 and signed on its behalf by:



G B Phillips  
Director

## **Kier Homes Caledonia Limited**

### **Directors' Report for the Year Ended 30 June 2020**

The directors of Kier Homes Caledonia Limited (the "Company") present their report and the audited financial statements for the year ended 30 June 2020.

#### **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 (resigned 16 October 2020)

J B Anderson (resigned 1 July 2019)

D H R Browne (resigned 31 January 2020)

T D Thomas

N C Moore (resigned 12 February 2020)

I J Mitchell (appointed 14 February 2020)

G B Phillips (appointed 16 October 2020)

#### **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.

##### ***Liquidity risk and cash flow risk***

###### **Liquidity risk**

In order to maintain liquidity to ensure that enough funds are available to meet the short and long term debt obligations the Company is fully supported by its ultimate parent company, Kier Group Plc.

###### **Cash-flow risk**

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

## **Kier Homes Caledonia Limited**

### **Directors' Report for the Year Ended 30 June 2020 (continued)**

#### **Dividend payment**

The company has not declared a dividend for the financial year (2019: nil)

#### **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.

#### **Going concern**

The Company has net current liabilities as at 30 June 2020 of £81.8m and relies on its ultimate parent company, Kier Group plc, for funding. The Company has obtained a letter of support from the parent company to ensure that the Company can meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In light of the ongoing sales process of the Kier Residential business, including the Company, there is uncertainty over the eventuality and timing of any sale of the Company within that 12-month period. In the event of the sale of the Company, the letter of support provided by the current parent company will cease to be effective. As at the date of approval of these financial statements, the directors are not aware of the financing arrangements that may be put in place by any new owner and consequently there is uncertainty over whether the Company will be able to meet its obligations as they fall due. These circumstances indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. These financial statements do not contain the adjustments that would be necessary if the Company were unable to continue as a going concern.

#### **Disclosure of information to the auditors**

Under section 418 of the Companies Act, 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.

## **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.

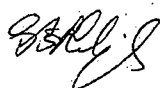
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure 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.

Approved by the Board on 22<sup>nd</sup> January 2021 and signed on its behalf by:



G B Phillips  
Director



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

## **Report on the audit of the financial statements**

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### **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 2020 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 2020; the Income Statement, the Statement of Comprehensive Income and 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.

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### **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.

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### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company's balance sheet has net current liabilities of £81.8m and it is reliant on its ultimate parent company, Kier Group plc, to provide financial support to enable the company to meet its liabilities as they fall due. However, the company is expected to be sold within 12 months from the date of approval of these financial statements at which stage the financial support provided by the company's current ultimate parent company will cease. At the date of approval of these financial statements, the directors are not aware of the financing arrangements that will be put in place by any new owner, but without ongoing financial support, the company may be unable to meet its liabilities as they fall due. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

## ***Independent auditors' report to the members of Kier Homes Caledonia Limited (continued)***

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### **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 2020 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.

## ***Independent auditors' report to the members of Kier Homes Caledonia Limited (continued)***

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### **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, 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](http://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.

***Independent auditors' report to the members of Kier Homes Caledonia Limited (continued)***

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**Other required reporting**

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**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.



Alex Lazarus (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
22 January 2021

# **Kier Homes Caledonia Limited**

## **Income Statement for the Year Ended 30 June 2020**

	<b>Note</b>	<b>2020 £ 000</b>	<b>2019 £ 000</b>
Revenue	4	-	715
Cost of sales		(1,138)	(32,659)
Gross loss		(1,138)	(31,944)
Administrative expenses		(63)	45
Operating loss		(1,201)	(31,899)
Finance costs	5	(3,358)	(3,295)
Loss before tax		(4,559)	(35,194)
Income tax expense	8	-	(16)
Loss for the year		(4,559)	(35,210)

The above results were derived from continuing operations.

**Kier Homes Caledonia Limited**

**Statement of Comprehensive Income for the Year Ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Loss for the financial year	<u>(4,559)</u>	<u>(35,210)</u>
Total comprehensive expense for the year	<u>(4,559)</u>	<u>(35,210)</u>

The notes on pages 15 to 23 form an integral part of these financial statements.

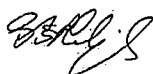
# Kier Homes Caledonia Limited

(Registration number: 02243256)

## Statement of Financial Position as at 30 June 2020

	Note	2020 £ 000	2019 £ 000
<b>Current assets</b>			
Inventories	10	171	7,914
Trade and other receivables	11	137	40
Income tax asset		-	565
		<u>308</u>	<u>8,519</u>
<b>Current liabilities</b>			
Trade and other payables	11	(52,114)	(50,780)
Loans and borrowings	12	(30,037)	(35,023)
		<u>(82,151)</u>	<u>(85,803)</u>
<b>Net liabilities</b>		<u>(81,843)</u>	<u>(77,284)</u>
<b>Equity</b>			
Other reserves		5,173	5,173
Accumulated losses		(87,016)	(82,457)
<b>Total equity</b>		<u>(81,843)</u>	<u>(77,284)</u>

The financial statements on pages 15 to 23 were approved by the Board of Directors on 22<sup>nd</sup> January 2021 and signed on its behalf by:



G B Phillips  
Director

The notes on pages 15 to 23 form an integral part of these financial statements.

# Kier Homes Caledonia Limited

## Statement of Changes in Equity for the Year Ended 30 June 2020

	Other reserves £ 000	Accumulated Losses £ 000	Total Equity £ 000
At 1 July 2018	5,173	(47,247)	(42,074)
Loss for the financial year	-	(35,210)	(35,210)
Total comprehensive expense for the year	-	(35,210)	(35,210)
At 30 June 2019	5,173	(82,457)	(77,284)
	Other reserves £ 000	Accumulated Losses £ 000	Total Equity £ 000
At 1 July 2019	5,173	(82,457)	(77,284)
Loss for the financial year	-	(4,559)	(4,559)
Total comprehensive expense for the year	-	(4,559)	(4,559)
At 30 June 2020	5,173	(87,016)	(81,843)

The notes on pages 15 to 23 form an integral part of these financial statements.



## **Kier Homes Caledonia Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2020**

#### **1 General information**

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

The address of its registered office is:

81 Fountain Street  
Manchester  
England  
M2 2EE

#### **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 101 issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as and in accordance with the Companies Act 2006. The financial statements have been prepared under an historical cost and a going concern basis.

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;

IFRS 2: Exemption from certain disclosures in respect of share based payments for arrangements involving equity instruments of another Group entity;

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

IAS 36: Exemption from disclosures for each cash generating unit which contains goodwill, in particular in relation to assumptions and sensitivities;

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;

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;

IAS 1: Exemption from comparatives for movements on property, plant & equipment, intangible assets and share capital; and

IFRS 15: Exemption from certain disclosures in respect of revenue from contracts with customers

## **Kier Homes Caledonia Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Basis of preparation (continued)**

The following new standards, amendments to standards and interpretations are effective for the financial year ended 30 June 2020 onwards:

- IFRS 16 'Leases'
- Amendments to IFRS 9 'Financial Instruments' on prepayment features with negative compensation and modification of financial liabilities
- Amendments to IAS 19 'Employee Benefits' on plan amendment, curtailment or settlement
- Amendments to IAS 28 'Investments in Associates' on long term interests in associates and joint ventures
- Annual improvements 2015-2017 cycle
- IFRIC 23 'Uncertainty over income tax treatments'

##### **Going concern**

The Company has net current liabilities as at 30 June 2020 of £81.8m and relies on its ultimate parent company, Kier Group plc, for funding. The Company has obtained a letter of support from the parent company to ensure that the Company can meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In light of the ongoing sales process of the Kier Residential business, including the Company, there is uncertainty over the eventuality and timing of any sale of the Company within that 12-month period. In the event of the sale of the Company, the letter of support provided by the current parent company will cease to be effective. As at the date of approval of these financial statements, the directors are not aware of the financing arrangements that may be put in place by any new owner and consequently there is uncertainty over whether the Company will be able to meet its obligations as they fall due. These circumstances indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. These financial statements do not contain the adjustments that would be necessary if the Company were unable to continue as a going concern.

##### **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.

## **Kier Homes Caledonia Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2020 (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.

## **Kier Homes Caledonia Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **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.

##### **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.

#### **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 there are no significant estimates or judgements required in preparing these accounts.

## **Kier Homes Caledonia Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

#### **4 Revenue**

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

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Sale of goods	-	715

#### **5 Operating profit**

Arrived at after charging

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Write-off of work in progress	510	-

A review of the company's work in progress was undertaken in the year resulting in a write-off of £510k which has been charged to costs of sales within the income statement.

#### **6 Finance costs**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on bank overdrafts and borrowings	3,358	3,295

#### **7 Directors' remuneration**

Directors' emoluments are paid through the Kier Living Limited parent company. The remuneration of those directors is dealt with in the financial statements of Kier Living Limited. There were no employees for the company.

#### **8 Auditors' remuneration**

The audit fee for the financial year ended 30 June 2020 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 2020 was £11,000 (2019: £11,000). No other fees were payable to the auditors for its services to the Company.

## Kier Homes Caledonia Limited

### Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

#### 9 Tax on profit

Tax expense/(credit) in the income statement

	2020 £ 000	2019 £ 000
<b>Current taxation</b>		
UK corporation tax	-	(1)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	-	17

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019; lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below: '

	2020 £ 000	2019 £ 000
Loss before taxation	(4,559)	(35,194)
Corporation tax at standard rate	(866)	(6,687)
Tax decrease from group relief for nil payment	866	6,704
Deferred tax credit relating to changes in tax rates or laws	-	(1)
Total tax charge	-	16

The deferred tax balance as at the year end has been recognised at 19.0% (2019: 17%) which is the enacted corporation tax rate effective from 1 April 2020.

## Kier Homes Caledonia Limited

### Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

#### 9 Tax on profit (continued)

##### Deferred tax

Deferred tax movement during the year:

	At 1 July 2019 £ 000	Recognised in income £ 000	At 30 June 2020 £ 000
Accelerated tax depreciation	-	-	-
Other items	-	-	-
Net tax assets/(liabilities)	-	-	-

Deferred tax movement during the prior year:

	At 1 July 2018 £ 000	Recognised in income £ 000	At 30 June 2019 £ 000
Accelerated tax depreciation	2	(2)	-
Other items	15	(15)	-
Net tax assets/(liabilities)	17	(17)	-

#### 10 Inventories

	2020 £ 000	2019 £ 000
Work in progress	171	7,914

A review of the companies work in progress was undertaken in the year resulting in the reversal of £598k (2019: nil) of provisions previously recorded and a write-off of £510k (2019: nil). Both have been credited/charged to costs of sales within the income statement. During the year the Company transferred its last remaining plots of development land to Kier MBS Limited, another Kier Group plc subsidiary. The transfer was at carrying value of £7,910k with no gain or loss recognised in the income statement.

#### 11 Trade and other receivables

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

	2020 £ 000	2019 £ 000
Trade receivables	132	-
Prepayments	3	43
Other receivables	2	(3)
	137	40

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

**12 Trade and other payables**

<b>Current</b>	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade payables	344	396
Accrued expenses	308	381
Amounts due to related parties	51,462	50,003
Total current trade and other payables	52,114	50,780

Amounts due to related parties includes a trading balance of £1,462k to Kier MBS Limited and a £50m loan from the Company's parent Kier Living Limited. Following the year-end, the Company's immediate parent, Kier Living Limited, formally forgave the £50m intercompany loan owed by Kier Homes Caledonia. This is a non-adjusting event and so the resulting £50m gain will be recorded in the Company's accounts for the year-end 30 June 2021.

**13 Loans and borrowings**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current loans and borrowings</b>		
Bank overdrafts	30,037	35,023

**14 Share capital**

**Allotted, called up and fully paid shares**

	<b>2020</b>	<b>2019</b>
	<b>No.      £ 000</b>	<b>No.      £ 000</b>
Ordinary shares of £1 each	100      -	100      -
	100      -	100      -



## **Kier Homes Caledonia Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

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

The name of the parent of the Company is Kier Living Limited, a wholly owned subsidiary of Kier Group plc.

These financial statements are available upon request from Kier Group plc registered address 81 Fountain Street, Manchester, M2 2EE.

The Company is a wholly owned subsidiary of Kier Group plc. 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. Kier Group plc is registered in the United Kingdom and copies of its financial statements are filed with Companies House, Crown Way, Cardiff, where they are available to the public.