

Registered number 06339103

Castle 1 Limited
Annual Report and Financial Statements
for the year ended 31 March 2017

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Castle 1 Limited

Annual Report and Financial Statements 2017

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Castle 1 Limited

Directors and advisers

Directors

J Thomson
P Hindley

Registered office

The Waterfront
Lakeside Boulevard
Doncaster
South Yorkshire
DN4 5PL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Paul's Place
121 Norfolk Street
Sheffield
S1 2LE

Bankers

Lloyds Bank plc
City office
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Castle 1 Limited

Strategic report

Principal activities

The Company's principal activity during the year was as an intermediate holding company.

Review of business and future developments

The Company continues to be an investment holding company heading a group of companies which, for the year under review, have been engaged in the refurbishment, maintenance and construction of residential dwellings. The Company's subsidiaries are listed in note 5 to the financial statements.

On 30 April 2017, Keepmoat Limited, a subsidiary of the Company, completed the sale of Keepmoat Regeneration Holdings Limited and its subsidiary undertakings ("Regeneration division") to Engie Services UK Holding Limited for gross consideration of £330m, subject to customary closing adjustments. Following sale of the Regeneration division, the Company's subsidiaries are engaged solely in the construction and sale of residential dwellings.

The Company does not use key performance indicators (KPIs) to measure the Company's performance as its only activity is that of an investment holding company and the directors do not believe they are necessary to understand the performance of the business.

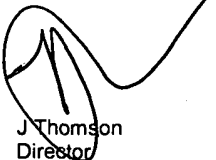
Principal risks and uncertainties

The directors believe that the nature of the Company, as an intermediate holding company, and the composition of its balance sheet mean it is not open to external risks and uncertainties other than those of a financial nature. The risk and uncertainties associated with the wider group owned by Keystone JVco Limited (the "Keepmoat Group" or "Group") are disclosed in their annual report, which does not form part of this report.

Financial risk management

The directors of Keystone JVco Limited, the ultimate owner, manage the Group's financial risks at a Group level. The financial risk management associated with the wider Keepmoat Group are disclosed in their annual report, which does not form part of this report. For this reason, the Company's directors believe that discussion of the Group's financial risks for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The financial risk management of the Group, which include those of the Company, and the development, performance and position of the Company are discussed in the annual report of the ultimate owner, Keystone JVco Limited, which does not form part of this report.

Approved by and signed on behalf of the Board



J Thomson
Director

14 July 2017

Castle 1 Limited

Directors' report

The directors present their report, the Strategic report and the audited financial statements of the Company for the year ended 31 March 2017.

Future developments and financial risk management

The Strategic report sets out the future developments and financial risk management of the Company.

Results and dividends

The income statement for the year is set out on page 7. No dividends were declared or proposed for the year ended 31 March 2017 (2016: £nil).

Business review and future developments

A review of the results, performance and future developments for the Company is presented in the Strategic report.

Going concern

The directors have considered the adequacy of the Keystone JVco Limited Group's financial resources through a review of the financial projections for the business, taking into account the debt facilities available to the Group. The directors have also considered the covenants attaching to the facilities and the likely level of headroom available to the Group. After careful consideration the directors are satisfied that the Group and Company have adequate resources to continue in operation for the foreseeable future being at least twelve months from the date of signing the financial statements. For this reason the directors continue to apply the going concern basis in preparing the financial statements.

Post balance sheet event

Following the sale of the Regeneration business the Company undertook a series of transactions including payment of interim dividends and a loan to its parent K&A Merger Limited (note 11).

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

D Sheridan (resigned 30 April 2017)
J Thomson
P Hindley (appointed 30 April 2017)

Directors' indemnities

The Keystone JVco Limited Group maintains liability insurance for the directors and officers of member companies which remains in place up to the date of this Annual Report. The Company has also provided an indemnity for the directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Employees

The Company did not have any employees during the year (2016: none)

Castle 1 Limited

Directors' report

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.

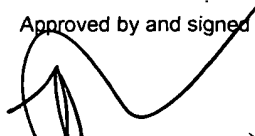
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

Approved by and signed on behalf of the Board



J Thomson
Director

14 July 2017

Castle 1 Limited

Independent auditors' report to the members of Castle 1 Limited

Report on the financial statements

Our opinion

In our opinion, Castle 1 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2017;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Castle 1 Limited

Independent auditors' report to the members of Castle 1 Limited

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield

14 July 2017

Castle 1 Limited

Income statement for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Income from shares in group undertakings		-	127,685
Operating result/profit		-	127,685
Finance costs	3	(2,001)	(1,251)
(Loss)/profit before tax		(2,001)	126,434
Income tax credit/(charge)	4	934	(4,004)
(Loss)/profit for the financial year		(1,067)	122,430
Other comprehensive income		-	-
Total comprehensive (expense)/income		(1,067)	122,430

All items dealt with in arriving at operating result/profit relate to continuing activities.

Castle 1 Limited

Balance sheet as at 31 March 2017

	Note	2017 £'000	2016 £'000
Assets			
Investments in subsidiaries	5	358,749	358,749
Deferred tax asset	4	902	1,729
Total non-current assets		359,651	360,478
Current assets			
Trade and other receivables	6	159,721	134,579
Total assets		519,372	495,057
Equity			
Share capital	7	100	100
Share premium account		19,900	19,900
Capital contribution reserve		289,321	289,321
Retained earnings		91,779	92,846
Total equity		401,100	402,167
Liabilities			
Current liabilities			
Trade and other payables	8	118,272	91,129
Income tax		-	1,761
Total current liabilities		118,272	92,890
Total equity and liabilities		519,372	495,057

The financial statements on pages 7 to 18 of Castle 1 Limited, registered number 06339103, were approved and authorised for issue by the Board of directors on 14 July 2017 and were signed on its behalf by:


J Thomson
Director

Castle 1 Limited

Statement of changes in equity for the year ended 31 March 2017

	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2015	100	19,900	289,321	(29,584)	279,737
Total comprehensive income for the year	-	-	-	122,430	122,430
At 1 April 2016	100	19,900	289,321	92,846	402,167
Total comprehensive expense for the year	-	-	-	(1,067)	(1,067)
At 31 March 2017	100	19,900	289,321	91,779	401,100

The capital contribution reserve relates to a contribution of £289,321,000 received from K & A Merger Limited on 28 November 2014, the Company's immediate parent undertaking, in connection with the acquisition of Lakeside 1 Limited by the Keystone JVco Limited Group of Companies and the subsequent refinancing.

Castle 1 Limited

Statement of accounting policies for the year ended 31 March 2017

General information

Castle 1 Limited is a private limited company incorporated and domiciled in the UK. The address of the registered office is Castle 1 Limited, The Waterfront, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), under the historical cost convention and in accordance with the Companies Act 2006.

FRS 101 allows the income statement and balance sheet to be presented in accordance with International Accounting Standard (IAS) 1 - Presentation of Financial Statements.

A summary of the disclosure exemptions adopted for the financial year ended 31 March 2017 is presented below. Equivalent disclosures for financial instruments are included in the Keystone JVco Limited Group consolidated financial statements allowing the exemptions to be applied.

Area	Disclosure exemption
Cash flow statements	Exemption from preparing a cash flow statement (IAS 7).
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures. Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1).
Related party disclosures	Exemption for related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member (IAS 24). Exemption from disclosure of key management personnel compensation.
Comparative information	Exemption from disclosure of comparative information for movements on share capital (IAS 1), tangible assets (IAS 16), intangible assets (IAS 38) and investment property (IAS 40).
Presentation of Financial Statements	Exemption from statement of compliance with IAS 1, cash flow information and capital management policy.

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all the periods presented, unless otherwise stated.

Consolidation

The Company is a wholly owned subsidiary of K & A Merger Limited and its ultimate parent is Keystone JVco Limited. It is included in the consolidated financial statements of Keepmoat JVco Limited which are publically available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Going concern

The directors have considered the adequacy of the Company's and the wider Keystone JVco Limited Group's (the "Group") financial resources through a review of the financial projections for the business, taking into account the debt facilities available to the Group. The directors have also considered the covenants attaching to the facilities and the likely level of headroom available to the Group. After careful consideration the directors are satisfied that the Group and Company have adequate resources to continue in operation for the foreseeable future being at least twelve months from the date of signing the financial statements. For this reason the directors continue to apply the going concern basis in preparing the financial statements.

Castle 1 Limited

Statement of accounting policies for the year ended 31 March 2017

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Investments

Investments in subsidiaries, joint ventures and associates are recorded in the Company's balance sheet at cost less any impairment. The directors review the investments for impairment when there are indicators of possible impairment.

Trade receivables

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method with an appropriate allowance for estimated irrecoverable amounts recognised in the income statement when there is objective evidence that the asset is impaired.

The carrying amount of trade receivables are reduced through the use of a provision for impairment losses. When a trade receivable is wholly or partially uncollectable, any uncollectable amount is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision. Changes in the carrying amount of the provision are recognised in the income statement.

Impairment of financial assets

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been reduced. For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets except trade receivables.

If, in a subsequent period, the amount of the impairment loss previously recognised decreases and the decrease can be objectively related to an event that occurred after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are also included, as they are an integral part of the Company's cash management. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, are recorded at their fair value on the date of acquisition of the asset to which they relate and subsequently held at amortised cost. The discount to the nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate.

Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Income tax

The income tax expense represents the current and deferred tax charges.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax is the Company's expected tax liability on taxable profits for the year using tax rates substantively enacted at the reporting date and any adjustment to tax in respect of the previous years. Where current tax losses are available but not utilised in the period, a deferred tax asset is recognised to the extent that it is considered recoverable.

Castle 1 Limited

Statement of accounting policies for the year ended 31 March 2017

Income tax (continued)

Taxable profit differs from that reported in the income statement because it is adjusted for items of income or expense that are assessable or deductible in other years, or are never assessable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax rates used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised in full if future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Equity instruments

Equity instruments such as ordinary share capital, issued by the Company are recorded at the proceeds received net of directly attributable incremental issue costs.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

The preparation of financial statements in conformity with FRS101 recognises 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 set out below:

- **Carrying value of investments and intercompany balances**

The Company tests whether its investments have suffered any impairment in accordance with the accounting policy set out above. The recoverable amounts have been determined based on value in use calculations, which require the use of estimates.

Castle 1 Limited

Notes to the financial statements for the year ended 31 March 2017

1 Directors' emoluments and staff numbers

The emoluments of the directors are paid by Keepmoat Limited, a fellow subsidiary of the Keystone JVco Limited Group, without recharge to the Company and, as it is not practical to apportion these between subsidiaries, their emolument disclosures are included in the financial statements of Keepmoat Limited.

The Company did not have any employees during the year (2016: Nil)

2 Auditors' remuneration

The following costs have been borne by Keepmoat Limited without recharge to the Company.

	2017 £'000	2016 £'000
Auditors' remuneration - fees payable to the Company's auditor for the audit of the Company's financial statements	5	5

3 Finance costs

	2017 £'000	2016 £'000
Interest payable on bank loans	2,001	1,251

4 Income tax (credit)/charge

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on (loss)/profit for the year at 20% (2016: 20%)	-	1,761
Adjustments in respect of prior years	(1,761)	3,972
Current tax (credit)/charge for the year	(1,761)	5,733
Deferred tax		
Deferred tax charge/(credit)	860	(1,729)
Effect of change in tax rates	(33)	-
Deferred tax charge/(credit) for the year	827	(1,729)
Total tax (credit)/charge for the year	(934)	4,004

Castle 1 Limited

Notes to the financial statements for the year ended 31 March 2017

4 Income tax (credit)/charge (continued)

The table below reconciles the income tax (credit)/charge for the year to tax at the UK statutory rate:

	2017 £'000	2016 £'000
(Loss)/profit on ordinary activities before taxation	(2,001)	126,434
Income tax (credit)/charge for the year at 20% (2016: 20%)	(400)	25,287
Effects of:		
Income not allowable for tax purposes	-	(25,537)
Utilisation of tax losses	(201)	(1,889)
Transfer pricing	1,061	878
Debt cap adjustments *	400	1,293
Adjustments in respect of prior years **	(1,761)	3,972
Effect of change in rate of corporation tax	(33)	-
Income tax (credit)/charge for the year	(934)	4,004

* Debt cap adjustments' represents adjustments made by the Company as required under Part 7 Taxation (International and Other Provisions) Act 2010.

** Adjustments in respect of prior years arise mainly on finalisation of debt cap adjustments on submitted tax returns.

Factors affecting current and future tax charges

Changes to the UK Corporation tax rates were enacted as part of the Finance Bill 2015-2016 and the Finance Act 2016. These include reductions to the main rate to of corporation tax to 19% from 1 April 2017, 18% from 1 April 2019 and 17% from 1 April 2020.

Deferred tax is calculated in full on temporary differences under the liability method, using a tax rate of 19% (2016: 19%).

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets, where it is probable that the assets will be recovered.

Deferred tax

The following deferred tax assets were recognised by the Company as at 31 March 2017.

	Tax losses £'000	Total £'000
At 1 April 2015	-	-
Credit to income statement	1,729	1,729
At 1 April 2016	1,729	1,729
Charge to income statement	(827)	(827)
At 31 March 2017	902	902

Castle 1 Limited

Notes to the financial statements for the year ended 31 March 2017

5 Investments in subsidiaries

	£'000
Cost	
At 1 April 2016 and 31 March 2017	913,985
Impairment	
At 1 April 2016 and 31 March 2017	(555,236)
Net Book Value	
At 1 April 2016 and 31 March 2017	358,749

The directors believe that the carrying value of the investments is supported by the future financial performance and underlying net assets of the subsidiaries.

The Company's directly owned subsidiary is:

Name of Company	Principal activities	Shareholding
Keepmoat Limited	Intermediate holding company	100%

The indirectly owned subsidiaries are:

Name of Company	Principal activities	Shareholding
Keepmoat Homes Limited	Private house building development	100%
MCI Developments Limited	Private house building development	100%
Keepmoat Property Limited	Property development and the holding of property on behalf of other Group companies	100%
KGP (SHC) Limited	Intermediate holding company	90%
Keepmoat Regeneration Holdings Limited*	Intermediate holding company	100%
Keepmoat Regeneration Limited*	Housing regeneration	100%
Keepmoat Regeneration (FHM) Limited *	Housing regeneration	100%
Keepmoat Regeneration (Bramall) Limited*	Housing regeneration	100%
Keepmoat Property Services Limited*	Maintenance, improvement, refurbishment and management of homes	100%
Keepmoat Regeneration (Apollo) Limited*	Housing regeneration	100%
Keepmoat in Partnership Limited*	Social housing regeneration projects within the public sector	100%
FWA West Limited*	Specialist building maintenance and refurbishment contractors	100%
Keepmoat Leeds (PFI) Limited*	Responsible for the Group's 10% minority interest in Sustainable Communities for Leeds (Holdings) Limited	100%
Conquest Bidco Limited	Intermediate holding company	100%
Apollo Support Services Group Limited	Intermediate holding company	100%
Apollo Holdco Limited	Intermediate holding company	100%
Toucan Holdings Limited	Property management	100%

* This entity was sold on 30 April 2017. See note 11 for further details.

Castle 1 Limited

Notes to the financial statements for the year ended 31 March 2017

5 Investments in subsidiaries (continued)

Name of Company	Principal activities	Shareholding
Keepmoat Site Services Limited	Provision of corporate services	100%
Force Solutions Limited	Dormant	100%
Goldhall Electrical Limited	Housing regeneration	100%
Warner Home Finance Limited	Dormant	100%
Apollo Maintain Limited	Dormant	100%
Apollo Education Limited	Dormant	100%
M.C.I Homes Limited	Dormant	100%
Apollo Housing Limited	Dormant	100%
Apollo Response Limited	Dormant	100%
Evolve Built for Life Limited	Dormant	50%

All subsidiaries are incorporated in England and Wales and have the same Registered Office as the Company, which is The Waterfront, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL.

6 Trade and other receivables

	2017 £'000	2016 £'000
Current		
Amounts owed by Group undertakings	158,035	132,126
Amounts owed by associated undertakings	25	25
Prepayments and accrued income	1,661	2,428
	159,721	134,579

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

7 Share capital

	2017 £'000	2016 £'000
Allotted and fully paid		
100,000 Ordinary shares of £1 each	100	100

Castle 1 Limited

Notes to the financial statements for the year ended 31 March 2017

8 Trade and other payables

	2017 £'000	2016 £'000
Current:		
Bank loans and overdrafts	15,966	6,908
Amounts owed to Group undertakings	102,106	83,913
Accruals and deferred income	200	308
	118,272	91,129

Bank loans and overdrafts are secured by a fixed charge over freehold land and buildings and a floating charge over the assets of the Group which are subject to cross guarantees with other companies (see note 9).

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

9 Contingent liabilities

The Company has given guarantees in respect of the bank borrowings of other Group companies in addition to performance and other guarantees. At 31 March 2017 the Group had bank borrowings under the revolving credit facility of £5,000,000 (2016: £nil) and bank overdrafts of £20,561,000 (2016: £21,820,000) in addition to drawn performance bonds under the facility totalling £nil (2016: £10,700,000). The Group therefore had undrawn facilities totalling £49,439,000 (2016: £42,480,000). The guarantees are in the form of a fixed charge over certain freehold land and buildings and floating charges over the assets of certain Group companies.

The Company is party to the Keystone Midco Limited Group ("Midco Group") senior facility agreement whereby the Midco Group has a revolving credit facility with a maximum facility of £75,000,000. At 31 March 2017 the Midco Group was in a net cash position (2016: net cash position).

10 Related party disclosures

The Company surrendered losses by way of consortium relief to Durham Villages Regeneration Limited in prior years. The total amount owed to the Company under these arrangements at 31 March 2017 was £25,000 (2016: £25,000).

11 Post balance sheet events

On 30 April 2017 Keepmoat Limited completed the sale of Keepmoat Regeneration Holdings Limited together with its subsidiary undertakings to ENGIE Services Holding UK Limited following the signing of a share purchase agreement on 1 March 2017.

Following completion of the sale for gross consideration of £330m, subject to customary closing adjustments, the Company was party to a series of actions in order that the wider Keystone JVco Limited Group could partly redeem its senior secured notes in addition to paying a dividend to shareholders. The specific subsidiaries sold are identified in note 5. There is no impact on the carrying value of the Company's investment in Keepmoat Limited as a consequence of the transaction.

At a board meeting on 11 May 2017, the Company and certain subsidiary companies resolved by way of written shareholder resolutions to undertake the following transactions, completed on 12 May 2017;

- Receipt of a cash dividend of £170,742,500 from Keepmoat Limited. The cash was then paid to K&A Merger Limited in the form of a dividend of £130,402,500 together with a non-interest bearing inter-company loan of £40,340,000.
- Receipt of a second interim cash dividend of £145,000,000 from Keepmoat Limited. The cash was then distributed to K&A Merger Limited by way of a dividend.
- Receipt of an interim dividend in specie of £25,387,487 from Keepmoat Limited consisting of the transfer of an inter-company receivable balance with Keystone Topco Limited. This was subsequently distributed to K&A Merger Limited as a dividend in specie.

Castle 1 Limited

Notes to the financial statements for the year ended 31 March 2017

12 Ultimate controlling party

The Company's immediate parent undertaking is K&A Merger Limited, a company registered in England and Wales.

The directors regard Keystone JVco Limited, a company registered in England and Wales, as the Company's ultimate UK based parent company.

Keystone JVco Limited is the parent of the largest and Keystone Midco Limited is the parent of the smallest group in which these results are consolidated.

The Company's ultimate parent company is Cotton Holding S.à.r.l., a company incorporated in Luxembourg, whilst the Company's ultimate controlling party is TDR Capital LLP through investment funds that they manage.

The consolidated financial statements of Keystone JVco Limited and Keepmoat Limited may be obtained from Keepmoat Limited, The Waterfront, Lakeside Boulevard, Doncaster, DN4 5PL.