

Registered number: 07905842

K & A Merger Limited
Annual Report and Financial Statements
for the year ended 31 October 2021



K & A Merger Limited

Annual Report and Financial Statements 31 October 2021

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K & A Merger Limited

Directors and advisers

Directors

T Beale
M Priest

Registered office

The Waterfront
Lakeside Boulevard
Doncaster
South Yorkshire
DN4 5PL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

Lloyds Bank plc
3rd Floor
10 Gresham Street
London
EC2V 7JD

K & A Merger Limited

Strategic report

Principal activities

The Company's principal activity during the year was exclusively that of an investment holding company.

Review of business and future developments

The Company continues to be a holding company heading a group of companies which, for the year under review, have been engaged in the construction of residential dwellings. The Company's subsidiaries are listed in note 4 to the financial statements.

On 26 October 2021, Maison Bidco Limited purchased 100% of the issued share capital of Keystone Topco Limited, the parent company of K&A Merger Limited. Maison Bidco Limited is a wholly owned subsidiary of Maison Holdco Limited, the ultimate UK parent of the group.

The directors expect the principal activity to remain unchanged for the foreseeable future.

Due to the nature of the business as a holding company it is not considered necessary to use key performance indicators (KPIs) to measure the Company's performance.

Principal risks and uncertainties

The directors believe that the nature of the Company, as an investment 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 Topco Limited are disclosed in their annual report, which does not form part of this report.

Financial risk management

The directors of Maison Holdco Limited, the ultimate parent undertaking, manage the Group's financial risks at a Group level. 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 includes those of the Company, and the development, performance and position of the Company are discussed in the annual report of the intermediate parent undertaking, Keystone Topco Limited, which does not form part of this report.

Approved by and signed on behalf of the Board



M Priest
Director

27 May 2022

K & A Merger Limited

Directors' report

The directors present their report, the Strategic report and the audited financial statements of the Company for the year ended 31 October 2021.

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 statement of comprehensive income for the year is set out on page 8. No dividends were paid during the year ended 31 October 2021 (year ended 31 October 2020: £nil).

Future developments

A review of the future developments for the Company is presented in the Strategic report.

Going concern

Having considered the Group's forecasts including its forecast cashflows, the directors are satisfied that the Company has sufficient liquidity and covenant headroom to enable the Group to conduct its activities and meet its liabilities as they fall due for the foreseeable future being at least twelve months. Accordingly, these financial statements are prepared on the going concern basis.

Further details of the Directors' assessment of going concern can be found in the principal accounting policies on page 12.

Directors

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

T Beale

M Priest

Directors' indemnities

The Maison Holdco 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 has no employees (year ended 31 October 2020: none).

K & A Merger Limited

Directors' report

Statement of directors' responsibilities in respect of the financial statements

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 period. 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 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.

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 of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

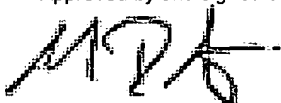
In the case of each director in office at the date the Directors' Report is approved:

- 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.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and have been deemed to be reappointed for the next financial year.

Approved by and signed on behalf of the Board.



M Priest
Director

27 May 2022

K & A Merger Limited

Independent auditors' report

to the members of K & A Merger Limited

Report on the audit of the financial statements

Opinion

In our opinion, K & A Merger Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 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 balance sheet as at 31 October 2021; the statement of comprehensive income and the statement of changes in equity for the year then ended; the principal accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

K & A Merger Limited

Independent auditors' report

to the members of K & A Merger Limited

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 31 October 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and relevant tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate presentation of the financial statements in accordance with the applicable accounting framework and company law, and management bias in determining significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations; and
- Challenging the assumptions and judgements made by management in determining their significant accounting estimates, in particular in relation to the carrying value of investments and inter-company balances.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

K & A Merger Limited

Independent auditors' report

to the members of K & A Merger Limited

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



Lee Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
27 May 2022

K & A Merger Limited

Statement of comprehensive income for the year ended 31 October 2021

	Note	Year ended 31 October 2021 £'000	Year ended 31 October 2020 £'000
Operating result	2	-	-
Result before taxation		-	-
Income tax (charge)/credit	3	(4,327)	2,955
(Loss)/profit for the financial year		(4,327)	2,955
Other comprehensive expense		-	-
Total comprehensive (expense)/income		(4,327)	2,955

All items dealt with in arriving at the loss for the financial year relate to continuing activities.

K & A Merger Limited

Balance sheet as at 31 October 2021

	Note	31 October 2021 £'000	31 October 2020 £'000
Assets			
Deferred tax asset	3	-	4,327
Investments	4	360,875	360,875
Total non-current assets		360,875	365,202
Current assets			
Trade and other receivables	5	6,434	6,434
Total current assets		6,434	6,434
Total assets		367,309	371,636
Equity			
Called up share capital	7	-	-
Share premium		173,031	173,031
Capital contribution reserve		32,844	32,844
Retained earnings		34,140	38,467
Total equity		240,015	244,342
Liabilities			
Trade and other payables	6	127,294	127,294
Total current liabilities		127,294	127,294
Total liabilities		127,294	127,294
Total equity and liabilities		367,309	371,636

The financial statements on pages 8 to 20 of K & A Merger Limited, registered number 07905842, were approved and authorised for issue by the Board of directors on 27 May 2022 and were signed on its behalf by:



M Priest
Director

K & A Merger Limited

Statement of changes in equity For the year ended 31 October 2021

	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Retained earnings £'000	Total equity £'000
At 1 November 2019	-	159,331	32,844	35,512	227,687
Proceeds from shares issued	-	13,700	-	-	13,700
Profit and total comprehensive income for the year	-	-	-	2,955	2,955
At 31 October 2020	-	173,031	32,844	38,467	244,342
Loss and total comprehensive expense for the year	-	-	-	(4,327)	(4,327)
At 31 October 2021	-	173,031	32,844	34,140	240,015

The capital contribution reserve relates to a contribution of £32,844,000 received from Lakeside 1 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.

On 17 June 2020, the Company issued a £1 ordinary share to its parent, Lakeside 1 Limited at a premium of £13,699,999.

K & A Merger Limited

Principal accounting policies For the year ended 31 October 2021

General information

K & A Merger Limited is a private company, limited by shares, incorporated and domiciled in the UK. The address of the registered office is K & A Merger 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 as applicable to companies using FRS 101.

FRS 101 allows the statement of comprehensive income 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 October 2021 is presented below. Equivalent disclosures for financial instruments are included in the Keystone Topco 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. Exemption from 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).
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 Lakeside 1 Limited and its ultimate parent is Maison Holdco Limited. The registered office of Maison Holdco Limited is C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

It is included in the consolidated financial statements of Keystone Topco which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

K & A Merger Limited

Principal accounting policies For the year ended 31 October 2021

Going concern

K & A Merger Limited (the "Company") is a holding company within the sub-group acquired by Maison Bidco Limited in October 2021. Management have assessed going concern on a wider group basis as follows.

At 31 October 2021, the wider group owned by Maison Bidco Limited (the "Keepmoat Group" or "Group") held cash and cash equivalents of £119.9m and total loans and borrowings of £285.0m, which consisted of £nil of overdraft, bank and other loans of £10.0m and £275.0m of senior secured notes that mature in October 2027. Should further funding be required, the Group has a committed £70.0m RCF (of which £nil was utilised at 31 October 2021), subject to compliance with certain financial covenants, which matures in April 2027.

As such, in consideration of its net current assets of £159.5m, the Directors are satisfied that the Group has sufficient liquidity to meet its current liabilities and working capital requirements.

The performance of the Group is dependent upon a number of external factors and the wider macro-economic environment in which it operates. The factors that particularly affect the performance of the Group are described in the strategic report of Keystone Topco Limited (pages 3-28), with the principal risks and uncertainties that may impact the Group outlined (pages 21-25). The material factors that may affect the future financial performance of the Group include flat or negative economic growth, buyer confidence, mortgage availability and affordability, new housing supply, falls in house prices or land values and the cost and availability of materials, subcontractors and suppliers.

The COVID-19 pandemic gave rise to an increase in the inherent uncertainty in the Group's assessment of these factors. Since the restart of construction and sales activity in May 2020 post lockdown, the UK housing market has seen strong demand with reservations and sales recovering to pre-lockdown levels, and the Group's construction activity has returned to normal levels and delivery has been aligned to demand accordingly. However, the outlook for the economy remains unclear: labour shortages, increased energy costs driving inflation, an uncertain geopolitical and global security landscape and market activity could be affected by the impact of the UK's new post Brexit trading relationship with the EU. Future outbreaks of COVID-19 and consequent local or national restrictions may cause further disruption to the Group's activities.

The Group's financial forecasts reflect the Directors considered view of expected performance, based on the information available at the date of signing of these Financial Statements. This includes the ongoing costs of COVID-19 safe working practices implemented by the Group.

To assess the Group's resilience to adverse trading conditions, its financial forecast has been sensitised through a series of scenarios reflecting the principal downside risks for the UK economy and housing market. The scenarios reflect potential downside risks as presented in the latest available external economic forecasts.

This exercise included an aggregated reasonable worst-case scenario reflecting a manifestation of the principal risks to a severe but plausible level. This scenario assumed that sales volumes and average selling prices fall below the Group's forecast levels by 20% and 7.5% respectively, and that the Group's operations are temporarily disrupted for three months due to a national response to a resurgence of the virus.

The effects were modelled over a 13-month period, alongside reasonable mitigation that the Group would expect to undertake in such circumstances, primarily a reduction in investment in inventories in line with the fall in expected sales and the actions successfully deployed during the Group's closure of its operations in March 2020. The effects have been modelled without assumption of Government assistance during this period. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities, and meet its liabilities as they fall due.

Accordingly, the Directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these Financial Statements. The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate Parent Company, Maison Bidco Limited. The Directors have received confirmation that Maison Bidco Limited intends to support the Company for at least 12 months after these financial statements are signed.

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.

Impairment of financial assets

IFRS 9 requires an expected credit loss model, rather than an incurred credit loss model to be applied. This requires the assessment of the expected credit loss on each class of financial asset at each reporting date. This assessment takes into consideration changes in credit risk since initial recognition of the financial asset.

K & A Merger Limited

Principal accounting policies For the year ended 31 October 2021

Trade & other receivables

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method, less loss allowance. The loss allowance is calculated based on historic loss rates from payment profiles of sales in prior periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the debtor's ability to settle the receivable.

In respect of accounting for trade and other receivables, the Group has applied IFRS 9's simplified approach to provisioning and has calculated this using lifetime expected losses. This calculation has had no material impact on the financial statements.

When a trade receivable is wholly or partially uncollectible, any uncollectible amount is written off against the loss allowance. Subsequent recoveries of amounts previously written off are credited against the loss allowance. Changes in the carrying amount of the loss allowance are recognised in the statement of comprehensive income.

Income tax

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

Income tax is recognised in the statement of comprehensive income 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.

Taxable profit differs from that reported in the statement of comprehensive income 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.

Trade & other 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.

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.

K & A Merger Limited

Principal accounting policies For the year ended 31 October 2021

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 inter-company balances

IFRS 9 requires an expected credit loss model requiring the assessment of the expected credit loss on each class of financial asset at each reporting date. This assessment takes into consideration changes in credit risk since initial recognition of the financial asset.

K & A Merger Limited

Notes to the financial statements for the year ended 31 October 2021

1 Directors' emoluments and staff numbers

The emoluments of the directors are paid by Keepmoat Homes Limited, a fellow subsidiary of the Keystone Topco 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 Homes Limited.

The Company did not have any employees during the year (year ended 31 October 2020: None)

2 Operating result

Auditors' remuneration

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

	Year ended 31 October 2021 £'000s	Year ended 31 October 2020 £'000s
Fees payable for the audit of the Company's financial statements	4	2

There were no fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the company during the period (2020: £nil).

3 Income tax charge/(credit)

	Year ended 31 October 2021 £'000s	Year ended 31 October 2020 £'000s
Current tax		
UK corporation tax on result for the year at 19% (year ended 31 October 2020:19%)	-	-
Deferred tax		
Origination and reversal of timing differences	4,287	(2,646)
Adjustments in respect of prior years	40	(132)
Effect of change in tax rates	-	(177)
Total tax charge/(credit)	4,327	(2,955)

K & A Merger Limited

Notes to the financial statements for the year ended 31 October 2021

3 Income tax charge/(credit) (continued)

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

	Year ended 31 October 2021 £'000s	Year ended 31 October 2020 £'000s
Result before tax	-	-
Income tax expense for the year at 19% (year ended 31 October 2020: 19%)	-	-
Effects of:		
Transfer pricing adjustment	(1,378)	(3,282)
Adjustments in respect of prior years*	40	(132)
Movement in amounts not recognised	5,665	-
Difference in applicable tax rates	-	(177)
Group relief not paid for	-	636
Income tax charge/(credit) for the year	4,327	(2,955)

*Adjustment in respect of prior year relates to the reactivation of previously disallowed interest under the Corporate Interest Restriction legislation.

Factors affecting current and future tax charges

In the Spring Budget 2021, the Government announced an increase in the corporation tax rate from 19% to 25% from 1 April 2023. The rate was substantively enacted on 24 May 2021 and as such the deferred tax balances have been calculated in full on temporary differences under the liability method using the rate expected to apply at the time of the reversal of the balance. As such, the deferred tax assets and liabilities have been calculated using a mixture of 19% and 25% (2020: 19%) as appropriate.

Deferred tax assets

	Corporate interest Restriction £'000s	Total £'000s
At 1 November 2019	1,372	1,372
Credit to statement of comprehensive income	2,995	2,995
At 31 October 2020	4,327	4,327
Charge to statement of comprehensive income	(4,327)	(4,327)
At 31 October 2021	-	-

K & A Merger Limited

Notes to the financial statements for the year ended 31 October 2021

4 Investments

	Total £'000
Cost	
At 31 October 2019	347,175
Additions	13,700
At 31 October 2020	360,875
Additions	-
At 31 October 2021	360,875
Net book amount	
At 31 October 2021	360,875
At 31 October 2020	347,175

On 28 November 2014 the Company increased its investment in Castle 1 Limited in the form of a capital contribution totalling £289,321,000. The capital contribution followed the acquisition of Lakeside 1 Limited by Keystone Bidco Limited and the connected refinancing of the Lakeside 1 Limited Group. The directors believe that the carrying value of the investment is supported by the future financial performance and underlying net assets of the Castle 1 Limited Group.

On 17 June 2020 the Company subscribed for 1 £1 ordinary share from its subsidiary, Castle 1 Limited at a premium of £13,699,999.

K & A Merger Limited

Notes to the financial statements for the year ended 31 October 2021

4 Investments (continued)

The Company's directly owned subsidiaries are:

Name of Company	Principal activities	Shareholding
Castle 1 Limited	Intermediate holding company	100%

The indirectly owned subsidiaries are:

Name of Company	Principal activities	Shareholding
Keepmoat Limited	Intermediate holding company	100%
Keepmoat Homes Limited	Private house building development	100%
MCI Developments Limited	Partnership house building	100%
Keepmoat Property Limited	Property development and the holding of property on behalf of other Group companies	100%
Keepmoat Site Services Limited	Provision of corporate services	100%
Force Solutions Limited	Dormant	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%
Goldhall Electrical Limited	Housing regeneration	100%
Huyton Freehold Limited	Property investment company	100%
BK Scotswood LLP	Intermediate holding company	100%
Hull & Gipsyville Housing Venture Limited	Dormant	81%
KGP (SHC) Limited	Intermediate holding company	90%

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. Details of operating joint venture undertakings and associates, all of which are incorporated in England and Wales, are as follows:

Name of undertaking	Description of shares and proportion of nominal value of that class held	Registered office	Proportion of voting rights held
Durham Villages Regeneration Limited	A class ordinary shares of £1 each (51% held)	The Waterfront, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	50%
Sheffield Housing Company Limited	Ordinary shares of £1 each (45% held)	The Waterfront, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	45%
New Tyne West Development Company LLP	Members' capital (50% held)	3 rd Floor, Citygate St. James' Boulevard, Newcastle upon Tyne NE14 4JE	50%
Osmaston Regeneration Partnership LLP	Members' capital (50% held)	The Waterfront, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	50%
K2 Regeneration LLP	Members' capital (50% held)	The Waterfront, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	50%
Evolve Built for Life Limited	Ordinary shares of £1 each (50% held)	The Waterfront, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	50%

K & A Merger Limited

Notes to the financial statements for the year ended 31 October 2021

5 Trade and other receivables

	31 October 2021 £'000s	31 October 2020 £'000s
Current:		
Amounts owed by Group undertakings	6,434	6,434

Amounts owed by Group undertakings falling due within one year are unsecured, interest free and repayable on demand.

6 Trade and other payables

	31 October 2021 £'000s	31 October 2020 £'000s
Amounts owed to Group undertakings	127,294	127,294

All amounts owed to Group undertakings falling due within one year are unsecured, interest free and repayable on demand.

7 Share capital and share premium account

	31 October 2021 £	31 October 2020 £
Allotted and fully paid		
4 (31 October 2020: 4) Ordinary shares of £1 each	4	4

On 17 June 2020, the Company issued a £1 ordinary share to its parent, Lakeside 1 Limited at a premium of £13,699,999.

8 Contingent liabilities

The Company has entered into performance guarantees in the normal course of business which, at 31 October 2021, amounted to £19,754,000 (31 October 2020: £22,674,000). In the opinion of the directors, no loss will arise in respect of these guarantees.

The Company has given guarantees in respect of bank borrowings in addition to performance and other guarantees. At 31 October 2021 the Keystone Topco Group had bank borrowings under the revolving credit facility of £nil (31 October 2020: £nil) and bank overdrafts of £nil (31 October 2020: £0.2m). The Group therefore had undrawn facilities totalling £70.0m (31 October 2020: £74.8m). The guarantees are in the form of floating charges over the assets of certain Group companies.

The Company is party to the Maison Bidco Limited Group ("Bidco Group") senior facility agreement whereby the Bidco Group has a revolving credit facility of £70.0m. At 31 October 2021 the Bidco Group was in a net cash position (31 October 2020: net cash position).

K & A Merger Limited

Notes to the financial statements for the year ended 31 October 2021

9 Ultimate controlling party

The Company's immediate parent undertaking is Lakeside 1 Limited, a company registered in England and Wales. Keystone Midco Limited is the parent of the smallest group in which these results are consolidated, and Keystone Topco Limited is the parent of the largest group in which these results are consolidated.

On 26 October 2021, Maison Bidco Limited purchased 100% of the issued share capital of Keystone Topco Limited, the parent company of Keystone Midco Limited. Maison Bidco Limited is a wholly owned subsidiary of Maison Holdco Limited. The directors regard Maison Holdco Limited, a company registered in England and Wales, as the Company's ultimate UK based parent company. Maison Bidco Limited and Maison Holdco Limited were incorporated in the year to 31 October 2021 and have not prepared consolidated accounts to 31 October 2021.

The Company's ultimate parent company is Maison Grafton S.à.r.l., a company incorporated in Luxembourg, whilst the Company's ultimate controlling party is funds managed by Aermont Capital LLP.

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