



**Kier Integrated Services
(Estates) Limited (formerly Kier
MG Estates Limited)**
Annual Report and Financial
Statements
for the Year Ended
30 June 2015

Company no 00216679

Kier Integrated Services (Estates) Limited (formerly Kier MG Estates Limited)
Annual Report and Financial Statements for the Year Ended 30 June 2015

Company information

Company registration number	00216679
Registered office	Tempsford Hall Sandy Bedfordshire SG19 2BD
Directors	Alastair Gordon-Stewart Marcus Jones
Secretary	Bethan Melges
Bankers	Bank of Scotland c/o Lloyds Bank Commercial Banking 10 Gresham Street London EC2V 7AE
Independent auditors	PricewaterhouseCoopers LLP Statutory Auditors and Chartered Accountants 10 Bricket Road St Albans AL1 3JZ

Kier Integrated Services (Estates) Limited (formerly Kier MG Estates Limited)
Annual Report and Financial Statements for the Year Ended 30 June 2015

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Directors' Report

The directors present their annual report and the audited financial statements of Kier Integrated Services (Estates) Limited (formerly Kier MG Estates Limited) ('the Company') for the year ended 30 June 2015.

Principal activities

The Company's principal activities comprise the holding and development of property.

Business review

The Company is a member of the Kier group of companies (the 'Kier Group') headed by Kier Group plc ('Kier'). On 1 March 2016, the Company changed its name from Kier MG Estates Limited to Kier Integrated services (Estates) Limited.

The Company's profit for the year, before taxation, was £121,000 (fifteen months ended 30 June 2014: loss of £702,000). The prior period loss was largely attributable to a provision for rents payable for under-utilised space of £503,000 (explained more fully in note 3 to the financial statements). No additional provision was required in respect of this in the year ended 30 June 2015.

In terms of Key Performance Indicators, the rent receivable in the year was in line with expectations.

Property, plant and equipment

In the opinion of the directors the market value of the freehold land and buildings is not less than the carrying value in the financial statements.

Dividend

Dividends paid in the year amounted to £nil (2014: £nil). The Directors do not recommend payment of a final dividend.

Future developments

The Company is expected to continue as a property holding and development company for the foreseeable future.

Directors

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

Alastair Gordon-Stewart
Marcus Jones (appointed 22 March 2016)

David Benson (resigned 9 October 2015)
Haydn Mursell (resigned 28 April 2015)
Hugh Raven (resigned 28 April 2015)
Nigel Turner (resigned 28 April 2015)

Directors' liability insurance

Kier maintains liability insurance for the directors and officers of all group companies. The directors and officers have also been granted a qualifying third party provision under section 234 of the Companies Act 2006. Neither Kier's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly. Both the insurance and the indemnity were in effect throughout the year and are still in effect.

Corporate responsibility policy

Kier attaches great importance to its corporate responsibility, as evidenced by the Resources and Relationships Section in its 2015 Annual Report and its full Corporate Responsibility Report for 2015, which is available on the Kier Group's website, www.kier.co.uk/crr2015. As a member of the Kier Group the Company abides by the same principles.

Directors' Report (continued)

Employees

The Company is an equal opportunities employer. The Company gives consideration to applications for employment made by disabled persons (having regard to their particular aptitudes and abilities) and encourages and assists, whenever practicable, the recruitment, training, career development and promotion of disabled people and the retention of, and appropriate training for, those who become disabled during the course of their employment and who can be employed in a safe working environment.

The Kier Group provides relevant information on matters of concern to employees of the Kier Group through newsletters, video addresses, the Kier Group's intranet, social media and formal and informal meetings with various groups of employees and management. These aim to create a common awareness on the part of employees on matters affecting the performance of the Kier Group. The Kier Group also consults with employees to ascertain their views in relation to decisions which are likely to affect their interests. An example of this is the employee engagement survey which took place during the year.

Kier operates the Kier Group plc 2006 Sharesave Scheme ('the SAYE Scheme') for eligible employees of the Company and makes available a dealing service to enable employees to buy and sell its shares with a minimum of formality. Kier also operates an All Employee Share Ownership Plan ('the AESOP') for all Kier Group employees, which includes a share-matching element.

In addition, some of the Company's employees participate in the May Gurney Integrated Services plc Savings Related Share Option Scheme 2007, which is similar to the SAYE Scheme. The existing May Gurney shares in this scheme were exchanged by participants for new options over shares in the capital of Kier.

Financial risk management objectives and policies

The Company's exposure to financial risk is not deemed to be significant. The aim of the Company's financial risk management policies is to minimise potential adverse effects on financial performance and net assets.

The Company does not have any foreign currency transactions, hence is not exposed to foreign currency risk. Exposure to interest rate risk is limited as the Company has no borrowings. Interest on inter-company balances is charged at 4%. The directors do not consider there to be any price risk relating to equity instruments. Exposure to credit risk and liquidity risk is limited due to the majority of transactions occurring between group companies.

Going concern

Detailed cash flow forecasts are prepared and regularly reviewed to assess the Company's financial position. The business is forecast to remain cash generative and to have adequate resources to meet its future obligations.

The directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. On these grounds the Board has continued to adopt the going concern basis for the preparation of the financial statements.

Auditors

PricewaterhouseCoopers LLP were appointed auditors to the Company during the year, in accordance with section 485 of the Companies Act 2006. PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed to the shareholder in accordance with section 485 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006, including the exemption from preparing a strategic report.

Directors' Report (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

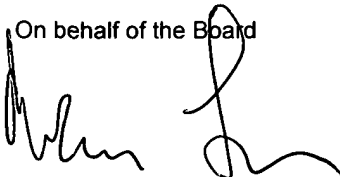
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

Directors' statement as to disclosure of information to auditors

(a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Marcus Jones
Director
23 March 2016

Independent auditors' report to the members of Kier Integrated Services (Estates) Limited (formerly Kier MG Estates Limited)

Report on the financial statements

Our opinion

In our opinion, Kier Integrated Services (Estates) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Statement of financial position as at 30 June 2015;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

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.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Kier Integrated Services (Estates) Limited (formerly Kier MG Estates Limited) (continued)

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 3, 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.



Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

30 March 2016

Income Statement

for the year ended 30 June 2015		Year ended 30 June 2015	15 months ended 30 June 2014
	Note	£'000	£'000
Revenue		1,400	1,054
Net operating costs	2	(1,638)	(1,591)
Operating loss before non-recurring costs		(238)	(537)
Non-recurring costs	3	-	(503)
Operating loss		(238)	(1,040)
Finance income	6	424	433
Finance costs	6	(65)	(95)
Profit/(loss) before taxation		121	(702)
Taxation	7	25	171
Profit/(loss) for the year/period from continuing operations	17	146	(531)

All of the Company's results relate to continuing activities.

There is no material difference between the Company's results and their historical cost equivalents.

Statement of Comprehensive Income

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Profit/(loss) for the year/period	146	(531)
Items that will not be reclassified subsequently to profit or loss:		
Deferred taxation on revaluation surplus	-	42
Other comprehensive income for the year/period	-	42
Total comprehensive income/(expense) for the year/period attributable to equity holders	146	(489)

Statement of Changes in Equity

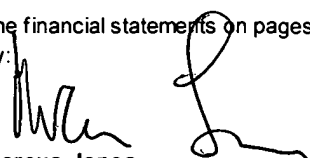
for the year ended 30 June 2015	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March and 1 April 2013	354	198	11,368	11,920
Loss for the period	-	-	(531)	(531)
Transfer between reserves	-	(171)	171	-
Other comprehensive income:				
Deferred taxation on revaluation surplus	-	42	-	42
Total comprehensive expense for the period	-	(129)	(360)	(489)
Balance at 30 June and 1 July 2014	354	69	11,008	11,431
Profit for the year	-	-	146	146
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	146	146
Balance at 30 June 2015	354	69	11,154	11,577

Statement of Financial Position

at 30 June 2015

	Note	30 June 2015 £'000	30 June 2014 £'000
Non current assets			
Property, plant and equipment	8	1,815	1,867
Deferred tax asset	9	87	-
		1,902	1,867
Current assets			
Cash and cash equivalents		15	15
Trade and other receivables	10	10,649	10,635
Current tax asset		-	138
		10,664	10,788
Total assets		12,566	12,655
Current liabilities			
Trade and other payables	11	(445)	(615)
Current tax liabilities		(136)	-
Provisions	14	(235)	(235)
		(816)	(850)
Non-current liabilities			
Deferred tax liability	9	-	(14)
Provisions	14	(173)	(360)
		(173)	(374)
Total liabilities		(989)	(1,224)
Net assets		11,577	11,431
Equity			
Share capital	15	354	354
Revaluation reserve	16	69	69
Retained earnings	17	11,154	11,008
Total equity		11,577	11,431

The financial statements on pages 6 to 24 were approved by the board of directors on 23 March 2016 and signed on its behalf by:



Marcus Jones
Director

Company registration number: 00216679

The accompanying accounting policies and notes on pages 10 to 24 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2015

	Note	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Net cash from operating activities			
Operating loss		(238)	(1,040)
Non-cash items	21	52	54
Working capital movement	21	(371)	200
Cash used in operations		(557)	(786)
Corporation tax received/(paid)		198	(298)
Interest received	6	424	433
Interest paid	6	(65)	(95)
Net cash used in operating activities		-	(746)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	597
Net cash generated from investing activities		-	597
Decrease in cash and cash equivalents		-	(149)
Opening cash and cash equivalents		15	164
Closing cash and cash equivalents		15	15

Notes to the Financial Statements

1. Accounting policies

Nature of operations

The principal activities of the Company during the year were that of holding and development of property.

The Company is incorporated and domiciled in the United Kingdom. The registered office is in Sandy, Bedfordshire, UK. The presentation currency used is GB Pound Sterling and figures are quoted to the nearest £1,000.

The principal accounting policies adopted in the presentation of these financial statements are set out below. These policies have been consistently applied to the periods presented unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, with the exception of some revalued property and certain financial instruments, which are recognised using accounting policies as set out below and applied consistently.

Consolidated financial statements, incorporating the results of the Company, are prepared by the ultimate parent company, Kier Group plc, a company incorporated in England. This is the largest and smallest group to consolidate the Company's financial statements.

The directors believe the Company's existing funding is sufficient for the needs of the business for the foreseeable future and for at least twelve months from the date of approval of these financial statements. The directors accordingly consider it appropriate for these financial statements to be prepared on a going concern basis.

Adoption of new and revised International Financial Reporting Standards

In the year, the Company has adopted all of the new and revised standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2014.

The following new standards, amendments to standards and interpretations came into effect and were adopted in the current year but had no effect on the financial statements:

IFRS 10 - Consolidated Financial Statements (standard and amendments)
IFRS 11 - Joint Arrangements (standard and amendments)
IFRS 12 - Disclosure of Interests in Other Entities (standard and amendments)
IAS 27 - Separate Financial Statements (standard and amendments)
IAS 28 - Investments in Associates (standard)
IAS 32 - Financial Instruments: Presentation (amendments)
IAS 36 - Impairment of Assets (amendments)
IAS 39 - Financial Instruments: Recognition and Measurement (amendments)
IFRIC 21 - Levies (interpretation)

Notes to the Financial Statements (continued)

Accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards (continued)

At the date of authorisation of these financial statements the following new standards and amendments to standards were in issue but not yet effective and therefore have not been applied in these financial statements:

IFRS 2 - Share-based Payment (amendments)
IFRS 3 - Business Combinations (amendments)
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations (amendments)
IFRS 7 - Financial Instruments: Disclosures (amendments)
IFRS 8 - Operational Segments (amendments)
IFRS 9 - Financial Instruments (standard and amendments)
IFRS 10 - Consolidated Financial Statements (amendments)
IFRS 11 - Joint Arrangements (amendments)
IFRS 13 - Fair Value Measurement (amendments)
IFRS 15 - Revenue from Contracts with Customers (standard)
IAS 1 - Presentation of Financial Statements (amendments)
IAS 16 - Property, Plant and Equipment (amendments)
IAS 19 - Employee Benefits (amendments)
IAS 27 - Separate Financial Statements (amendments)
IAS 28 - Investments in Associates (amendments)
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (amendments)
IAS 38 - Intangible Assets (amendments)
IAS 39 - Financial Instruments: Recognition and Measurement (amendments)
IAS 40 - Investment Property (amendments)

The directors anticipate that the adoption of these standards, amendments and interpretations in future years will have no material impact on the financial statements of the Company.

Property, plant and equipment

The Company adopted IFRS in the year ended 31 March 2011, having previously reported under UK GAAP (generally accepted accounting principles). Certain properties acquired by the Company before the date of its first IFRS balance sheet had been revalued under its previous GAAP. That previous revalued amount became the deemed cost of the asset under IFRS (as permitted under IFRS 1 - First-time Adoption of International Financial Reporting Standards). Since adopting IFRS the Company measures the value of these assets under the cost model; assets are carried at deemed cost less accumulated depreciation and impairment.

Subsequent additions of property, plant and equipment are stated at historic cost to the Company, being its purchase cost together with any incidental expenses of acquisition.

Depreciation of property, plant and equipment is calculated so as to write off their cost or valuation on a straight line basis over their expected economic lives. The annual rates of depreciation are as follows:

Freehold land	-	not depreciated
Freehold buildings	-	between 20 to 50 years

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. When recognising and measuring a provision, events occurring after the reporting date, and before authorisation for issue, are considered to determine whether such events provide additional evidence of conditions that existed at the reporting date and should therefore be adjusted for.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that 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 initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is calculated based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Pension contributions

The Company participates in the May Gurney Pension Scheme which provides benefits based on final pensionable salary. Contributions are paid in accordance with the instructions of Kier Integrated Services (Holdings) Limited (formerly Kier MGIS Limited).

Regular pension costs are established in accordance with the recommendations of an independent actuary. The current actuarial surplus has been spread over the remaining service lives of employees. The Company is unable to identify its share of the underlying assets and liabilities of the group scheme and consequently accounts for pension costs as though the scheme is a defined contribution scheme, charging them to the profit and loss account in the period in which they accrue.

Revenue

Revenue represents rent receivable from fellow Kier Group companies, excluding value added tax. Rental income is recognised in the period to which it relates.

Financial instruments

The financial instruments used by the Company comprise net funds, receivables and payables.

(a) Receivables do not carry any interest and are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance for estimated irrecoverable amounts.

(b) Payables are not interest bearing and are initially stated at their fair value and subsequently measured at amortised cost.

(c) Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

(d) Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(e) The Company has a policy of not trading in financial instruments. The Company currently has no derivative instruments and sees no immediate requirement for any.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Accounting for financial assets

Financial assets consist of receivables, along with cash and cash equivalents.

An assessment of whether a financial asset is impaired is made at least at each reporting date. For receivables, this is based on the latest credit information available, i.e. recent counterparty defaults and external credit ratings. Financial assets that are substantially past due are also considered for impairment. All income and expense relating to financial assets are recognised in the income statement account line item "finance costs" or "finance income", respectively.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the income statement. The Company's trade and other receivables fall into this category of financial instruments.

Individual receivables are considered for impairment when they are past due at the financial reporting date or when objective evidence is received that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry of a counterparty. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Accounting for financial liabilities

The Company's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included in the income statement line items "finance costs" or "finance income".

Significant accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Estimated impairment of property, plant and equipment

The Company tests annually whether there are any indicators that property, plant and equipment assets may have suffered any impairment to ensure that the Company's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use). Where indicators do exist, a calculation of value in use is performed, based on the discounted future cash flows of relevant cash generating units. This process requires the use of estimates in identifying indicators of impairment and in predicting future cash flows.

Notes to the Financial Statements (continued)

2. Net operating costs

for the year ended 30 June 2015		Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
	Note		
Depreciation charge	8	52	89
Profit on sale of freehold property	8	-	(35)
Auditors' remuneration - audit fees		5	14
Management fee income		(100)	(41)
Other administration costs		1,681	1,564
		1,638	1,591

3. Non-recurring costs

for the year ended 30 June 2015		Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Provision for rents payable in relation to under-utilised space		-	503
		-	503

On 8 July 2013, Kier Group plc acquired Kier Integrated Services (Holdings) Limited (formerly Kier MGIS Limited), the ultimate controlling party of Kier Integrated Services (Estates) Limited (formerly Kier MG Estates Limited) and all the other May Gurney Group companies. As a result of the restructure the Stevenage office was vacated and is no longer used. However, the lease on the property runs to 2017, therefore in the prior period a provision of £503,000 was made for the rents payable in relation to the under-utilised space. In the current year a proportion of the provision has been released against the rents that have been incurred during the year.

4. Staff numbers and costs

The average number of people (including directors) employed during the year/period was as follows:

	Number of employees	
for the year ended 30 June 2015	Year ended 30 June 2015	15 months ended 30 June 2014
Administration	8	5

The aggregate payroll costs of these employees were:

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Wages and salaries	125	107
Social security costs	9	9
	134	116

Notes to the Financial Statements (continued)

5. Directors' emoluments

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Directors' emoluments	-	-

The Directors of the Company were remunerated through other Kier Group companies; any apportionment of their remuneration by time would be immaterial.

No retirement benefits are accruing to directors (fifteen months ended 30 June 2014: none) under the May Gurney Pension Scheme, a defined benefit scheme.

6. Finance income and costs

for the year ended 30 June 2015	Note	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Finance income			
Interest receivable from short-term bank deposits		-	1
Interest receivable from group undertakings		424	432
		424	433
Finance costs			
Interest payable to group undertakings		2	3
Discount unwinding	14	63	92
		65	95

Notes to the Financial Statements (continued)

7. Taxation

(a) Analysis of tax credit for the year/period

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Current tax		
Corporation tax on profit/(loss) for the year/period	85	(135)
Adjustments in respect of prior periods	(9)	(83)
Total current tax	76	(218)
Deferred tax		
Origination and reversal of timing differences	(58)	(34)
Adjustments in respect of prior periods	(43)	81
Total deferred tax	(101)	47
Total tax credit for the period (note 7b)	(25)	(171)

(b) Factors affecting the tax credit:

The taxation assessed for the year is lower (fifteen months ended 30 June 2014: lower) than the standard rate of corporation tax in the UK of 20.75% (2014: 22.6%).

The differences are explained as follows:

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit/(loss) before tax	121	(702)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 20.75% (fifteen months ended 30 June 2014: 22.6%) - expected charge	25	(159)
Effects of:		
Expenses not deductible for tax purposes	-	1
Profit on disposal of land and buildings	-	(8)
Adjustments in respect of prior periods	(52)	(2)
Change in future tax rate	2	(3)
Total tax credit for the year/period (note 7a)	(25)	(171)

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be immaterial to the financial statements.

Notes to the Financial Statements (continued)

8. Property, plant and equipment

for the year ended 30 June 2015	Freehold land and buildings £'000
Cost or valuation	
At 1 April 2013	3,831
Disposals	(1,116)
At 30 June 2014 and at 30 June 2015	2,715
Accumulated Depreciation	
At 1 April 2013	1,313
Charge for the year	89
Disposals	(554)
At 30 June 2014	848
Charge for the period	52
At 30 June 2015	900
Net book value at 30 June 2015	1,815
Net book value at 30 June 2014	1,867

Freehold land and buildings are held at cost or valuation as follows:

	30 June 2015 £'000	30 June 2014 £'000
Valuation at 31 March 1995	235	235
Cost	2,480	2,480
	2,715	2,715

	30 June 2015 £'000	30 June 2014 £'000
Freehold land and buildings includes land which is not depreciated	648	648

The book values of freehold land and buildings under the historical cost convention would be as follows:

	30 June 2015 £'000	30 June 2014 £'000
Cost	2,629	2,629
Accumulated depreciation	(900)	(848)
Net book value	1,729	1,781

Profit on sale of property, plant and equipment comprised the following:

	30 June 2015 £'000	30 June 2014 £'000
Sale of freehold properties at Bodmin	-	35

Notes to the Financial Statements (continued)

9. Deferred tax asset/(liability)

for the year ended 30 June 2015		Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
	Note		
At 1 July 2014		(14)	(9)
Transfer from revaluation reserve	16	-	42
Income statement credit/(debit)		101	(47)
At 30 June 2015		87	(14)

Deferred taxation at 20% (2014: 20%), calculated using the liability method, is in respect of:

as at 30 June 2015		30 June 2015 £'000	30 June 2014 £'000
Excess capital allowances		3	4
Deferred tax on revalued properties		(17)	(17)
Other temporary differences		101	(1)
Deferred tax asset/(liability)		87	(14)

10. Trade and other receivables

as at 30 June 2015		30 June 2015 £'000	30 June 2014 £'000
	Note		
Amounts due from group undertakings	12	10,396	9,731
Other receivables		-	354
Prepayments and accrued income		253	550
		10,649	10,635

Trade and other receivables are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance for estimated recoverable amounts. The directors consider that the carrying values of current trade and other receivables approximate their fair values.

Trade and other receivables have been reviewed for indicators of impairment. No trade receivables were found to be potentially impaired and so no provision is necessary.

The Company's receivables at 30 June 2015 and 30 June 2014 are within agreed credit terms and are therefore not considered past due and have not been impaired.

Amounts due from group undertakings are unsecured, repayable on demand and attract interest at a rate varied by the Kier Group from time to time (4% for the current and preceding accounting periods).

Credit risk

Exposure to credit risk is disclosed in note 13. The Company has no renegotiated trade and other receivables and does not hold any collateral in respect of its trade and other receivables.

Notes to the Financial Statements (continued)

11. Trade and other payables

as at 30 June 2015		30 June 2015 £'000	30 June 2014 £'000
	Note		
Trade payables		117	354
Amounts owed to group undertakings	12	59	57
Accruals and deferred income		269	204
		445	615

Trade and other payables are initially stated at their fair value and subsequently measured at amortised cost. The directors consider that the carrying values of current trade and other payables approximate their fair values.

Amounts owed to group undertakings are unsecured, repayable on demand and attract interest at a rate varied by the Kier Group from time to time (4% for the current and preceding accounting periods).

12. Group undertakings

as at 30 June 2015		30 June 2015 £'000	30 June 2014 £'000
Amounts owed by:			
Intermediate parent undertaking		2,017	1,939
Fellow subsidiary undertakings		8,379	7,792
		10,396	9,731
Amounts owed to:			
Intermediate parent undertaking		(59)	(57)
Fellow subsidiary undertakings		-	-
		(59)	(57)
Net amount owed by group undertakings		10,337	9,674

Notes to the Financial Statements (continued)

13. Financial instruments

Capital risk management

The Company manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company comprises equity attributable to equity holders of Kier Integrated Services Limited (formerly Kier MG Estates Limited) consisting of issued ordinary share capital and reserves as disclosed in notes 15 and 17.

Financial risk management

Financial risk management is an integral part of the way the Company is managed. In the course of its business, the Company is exposed primarily to credit risk and liquidity risk. The overall aim of the Company's financial risk management policies is to minimise potential adverse effects on financial performance and net assets.

The Company's finance department manages the principal financial risks within policies and operating parameters approved by the Board of directors.

Foreign currency risk

The Company does not have significant foreign currency transactions and exposure to foreign currency risk is therefore minimal. Accordingly, these financial statements do not include any sensitivity analysis in respect of currency risk.

Interest rate risk

Interest rate risk arises on the Company's group balances. A 1% increase/decrease in the Group's borrowing rate would lead to a £103,000 (30 June 2014: £97,000) increase/decrease in the Company's finance income.

Price risk

The directors do not consider there to be any price risk relating to equity instruments and hence no need for any related disclosures.

Credit risk

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, namely trade and other receivables.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or other reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. An analysis of amounts that are past due but not impaired is shown in note 10.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities via its fellow subsidiary.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Categories of financial instruments	30 June 2015	30 June 2015	30 June 2015	30 June 2015	30 June 2014	30 June 2014	30 June 2014	30 June 2014
	Loans and receivables	Non-financial assets	Financial liabilities at amortised cost	Non-financial liabilities	Loans and receivables	Non-financial assets	Financial liabilities at amortised cost	Non-financial liabilities
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
Other receivables	10,396	-	-	-	10,085	-	-	-
Prepayments	-	253	-	-	-	550	-	-
Taxation assets	-	-	-	-	-	138	-	-
Total financial assets	10,396	253	-	-	10,085	688	-	-
Financial liabilities								
Trade payables	-	-	(117)	-	-	-	(354)	-
Other liabilities - current	-	-	(59)	(235)	-	-	(57)	(235)
Other liabilities - non-current	-	-	-	(173)	-	-	-	(360)
Accruals	-	-	(269)	-	-	-	(204)	-
Taxation payables	-	-	-	(136)	-	-	-	-
Total financial liabilities	-	-	(445)	(544)	-	-	(615)	(595)
Total	10,396	253	(445)	(544)	10,085	688	(615)	(595)

Maturity of the Company's financial liabilities

	30 June 2015	30 June 2014
	Trade and other payables	Trade and other payables
	£'000	£'000
Due within one year	445	615
	445	615

The above contractual maturities reflect the gross cash flows which may differ to the carrying values of the liabilities at the reporting date.

Notes to the Financial Statements (continued)

14. Provisions

as at 30 June 2015	30 June 2015 £'000	30 June 2014 £'000
Rents payable in relation to under-utilised space	408	595
	408	595

Reconciliation of carrying amount of provisions

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
At 1 July	595	-
Additions	-	503
Utilised	(250)	-
Unwinding of discount	63	92
At 30 June	408	595

Analysis of maturity of provisions

Current liabilities	235	235
Non-current liabilities	173	360
Total provisions	408	595

On 8 July 2013, Kier Group plc acquired Kier Integrated Services (Holdings) Limited (formerly Kier MGIS Limited), the ultimate controlling party of Kier Integrated Services (Estates) Limited (formerly Kier MG Estates Limited) and all the other May Gurney Group companies. As a result of the restructure the Stevenage office was vacated and is no longer used. However, the lease on the property runs to 2017, therefore in the prior period a provision of £503,000 was made for the rents payable in relation to the under-utilised space. In the current year a proportion of the provision has been released against the rents that have been incurred during the year.

15. Share capital

as at 30 June 2015	30 June 2015 £'000	30 June 2014 £'000
Authorised:		
1,000,000 (2014: 1,000,000) ordinary £1 shares - equity	1,000	1,000
Issued and fully paid:		
353,706 (2014: 353,706) ordinary £1 shares - equity	354	354

16. Revaluation reserve

for the year ended 30 June 2015		Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
	Note		
At 1 July 2014		69	198
Transfer to deferred tax liability	9	-	42
Transfer to retained earnings	16	-	(171)
At 30 June 2015		69	69

Notes to the Financial Statements (continued)

17. Retained earnings

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
At 1 July 2014	11,008	11,368
Profit/(loss) for the financial year/period	146	(531)
Transfer from revaluation reserve	-	171
At 30 June 2015	11,154	11,008

18. Pensions

The Company makes contributions in respect of some salaried employees and supervisory foremen who are members of the May Gurney Defined Benefit Pension Scheme. The scheme funds are administered by trustees and are independent of the Company and the Group's finances. The employer's contribution rate is based upon pensionable salary per annum in respect of future accrual of benefits. The Company's contributions, which are paid in accordance with Kier Integrated Services (Holdings) Limited (formerly Kier MGIS Limited) instructions, are charged to the income statement in the year in which they accrue. An actuarial review of the fund was carried out at 31 March 2014. Full details of this valuation are contained in the financial statements of Kier Integrated Services (Holdings) Limited.

May Gurney Defined Benefit Pension Scheme contributions charged to the income statement for the year ended 30 June 2015 amounted to £nil (fifteen months ended 30 June 2014: £nil).

19. Contingent liabilities

- (a) The Company has given an unlimited guarantee, secured by fixed and floating charges over the Company's assets in respect of the borrowings from Bank of Scotland, of all group companies. At 30 June 2015, the net indebtedness of all other group companies amounted to £nil (2014: £nil).
- (b) The Company has given joint and several guarantees securing indemnities given by other group companies in respect of performance bonds. At 30 June 2015, indemnities outstanding for other group companies amounted to £12,854,313 (2014: £10,918,187).

20. Commitments

(i) Operating lease commitments

There are no annual commitments under operating leases (2014: £nil)

(ii) Property, plant and equipment

At 30 June 2015 the Company had £nil (2014: £nil) capital commitments.

Notes to the Financial Statements (continued)

21. Reconciliation of operating profit to cash used in operations

for the year ended 30 June 2015	Year ended 30 June 2015 £'000	15 months ended 30 June 2014 £'000
Operating loss	(238)	(1,040)
Depreciation	52	89
Profit on sale of property, plant and equipment	-	(35)
(Increase)/decrease in trade and other receivables	(14)	811
Decrease in trade and other payables	(170)	(1,206)
(Decrease)/increase in provisions	(187)	595
Cash used in operations	(557)	(786)

Cash and cash equivalents (which are presented as a single class of assets on the face of the statement of financial position) comprise cash at bank.

22. Controlling parties

The immediate parent undertaking is Kier Integrated Services Group Limited (formerly Kier MG Group Limited), a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Kier Group plc, a company incorporated in England and Wales. Kier Group plc prepares consolidated financial statements which are available from Companies House and at www.kier.co.uk.

23. Related party transactions

Included within trade and other receivables is an amount of £2,017,000 (2014: £1,939,000) owed by the intermediate parent undertaking Kier Integrated Services Group Limited (formerly Kier MG Group Limited) and £8,379,000 (2014: £7,792,000) owed by fellow subsidiary undertaking Kier Integrated Services Limited (formerly Kier MG Limited).

Included within trade and other payables is an amount of £59,000 (2014: £57,000) owed to Kier Integrated Services (Holdings) Limited (formerly Kier MGIS Limited).

During the period the company charged Kier Integrated Services Limited management fees of £100,000 (fifteen months ended 30 June 2014: £41,000), rental fees of £1,372,000 (fifteen months ended 30 June 2014: £983,000) and interest of £347,000 (fifteen months ended 30 June 2014: £432,000). The company also charged Kier Integrated Services Group Limited interest of £77,000 (fifteen months ended 30 June 2014: £nil). Kier Integrated Services (Holdings) Limited was charged rental fees of £nil (fifteen months ended 30 June 2014: £34,000) and charged the company interest of £2,000 (fifteen months ended 30 June 2014: £3,000).