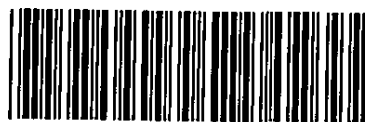

KIER FLEET SERVICES LIMITED

Registered Number 2127113

**Directors' Report and Accounts
for the year ended 30 June 2010**

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COMPANIES HOUSE

Kier Fleet Services Limited Directors' Report

The directors present their Directors' Report and audited financial statements for the year ended 30 June 2010

1 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is the provision of fleet management services to other Kier Group companies

Revenue for the year has increased by £2.0m from £7.6m to £9.6m. The Company made a profit before tax of £0.9m for the year ended 30 June 2010 compared to a profit of £0.6m for the year ended 30 June 2009.

The Company measures performance via a range of measures, including use of key performance indicators including asset utilisation, debt reviews, cash flow management and regular reforecasting and business reviews.

The Company monitors compliance with laws and regulations on a regular basis, and is fully compliant with all legislation. The Company's aim is to provide a quality cost effective client facing service whilst delivering positive financial returns to its shareholders.

2 RESULTS AND DIVIDENDS

	2010 £000	2009 £000
The profit for the year after taxation dealt with in the financial statements is	647	426
Interim dividend paid	-	(55)
Final dividend paid	-	(115)
Increase in reserves	647	256

3 DIRECTORS

The directors of the Company during the year were

I M Lawson	Chairman
I D Gordon	Managing Director
N J Chidgey	
D Mansfield	

4 EMPLOYEES

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

5 DONATIONS

No Charitable or Political donations were made in the year (2009 Nil)

6 POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company agrees payment terms with its suppliers on an individual contract basis rather than following a standard code. The policy is to abide by these agreed terms whenever it is satisfied that the suppliers have provided the goods or services in accordance with the contract terms and conditions. Acting in accordance with this policy, at 30 June 2010 the creditor days were 10 days (2009 13 days) in respect of suppliers of invoiced goods and services. These figures exclude amounts not currently due for payment but included within trade creditors.

7 DISCLOSURE OF INFORMATION TO AUDITORS

The directors of the Company who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

8 AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



D P HAMILTON
SECRETARY

Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

10 September 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIER FLEET SERVICES LIMITED

We have audited the financial statements of Kier Fleet Services Limited for the year ended 30 June 2010 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

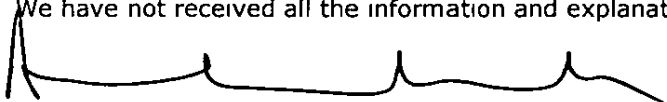
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Andrew Marshall (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB
10 September 2010

Profit and Loss account
For the year ended 30 June 2010

	Notes	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Turnover		9,642	7,612
Cost of sales		(8,334)	(6,682)
Gross profit		1,308	930
Administrative expenses		(467)	(414)
Operating profit		841	516
Net interest receivable	3	58	79
Profit on ordinary activities before taxation	2	899	595
Taxation on profit on ordinary activities	4	(252)	(169)
Profit for the year		647	426

The profit and loss account has been prepared on the basis that all operations are continuing operations

There is no difference between the historical cost result and the result stated above

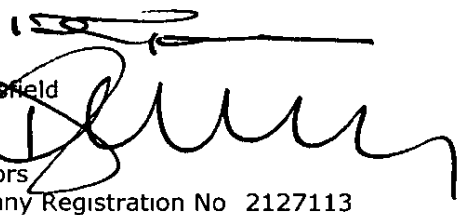
Balance Sheet

At 30 June 2010

	Notes	2010 £000	2009 £000
Non current assets			
Tangible assets	6	2,237	2,046
		2,237	2,046
Current assets			
Cash at hand and in bank		1,865	1,969
Debtors – amounts falling due within one year	7	1,079	536
Debtors – amounts falling due after one year	7	583	210
		3,527	2,715
Current liabilities			
Creditors – amounts falling due within one year	8	(3,268)	(2,913)
Net current assets / (liabilities)		258	(198)
Total assets less current liabilities		2,495	1,848
Net assets		2,225	1,848
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	2,495	1,848
Shareholders' funds	12	2,495	1,848

The financial statements were approved by the Board of Directors on 10 September 2010 and were signed on its behalf by

I D Gordon


D Mansfield
Directors
Company Registration No 2127113

Notes to the financial statements

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice)

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

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company has adequate financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Turnover

Turnover arises from the provision of goods sold and services in line with the principal activities set out in directors' report and excludes value added tax. Turnover is recognised as services are provided and goods are transferred to the client and in accordance with the company's rights to receive consideration from the client

Leases

Operating lease rentals are charged to the profit and loss account on a straightline basis over the lease term

Tangible fixed assets

In accordance with FRS15 'Tangible Fixed Assets', depreciation is provided in order to write off the cost less residual value over the estimated lives of the assets. The rates of depreciation are as follows

Plant and machinery - 10% to 33% per annum

Deferred taxation

In accordance with FRS 19 'Deferred tax', deferred taxation is provided fully and on a non discounted basis at expected future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes

Pension costs

For pension schemes that are accounted for as defined contribution schemes the pension costs charged against profits are based on the actual contributions paid during the year

Share based payments

In accordance with the transitional provisions FRS20 has been applied to share options granted after 7 November 2002. The fair value of the options is recognised as an employee expense with a corresponding increase in equity

The parent company issues equity-settled share based payments under the share save and LTIP schemes. The fair value of these shares at the date of grant is expressed on a straight line basis over the vesting period, based on the estimate of shares that will eventually vest

Notes to the financial statements continued

2 Profit before tax

Profit on ordinary activities before taxation is stated after charging	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Remuneration of auditors		
Audit fees	2	2
Operating lease rentals		
Plant and machinery	5,954	4,324
Depreciation of tangible fixed assets	771	855

Directors' emoluments and staff costs are paid through the immediate holding company or other group companies

Fees for the audit of the Company represent the amount receivable by the Company's auditors. The amount is not borne by the company but by a fellow group company, Kier Plant

3 Net interest receivable

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Interest receivable	58	79
	58	79

Notes to the financial statements continued

4 Taxation

(a) Analysis of the charge in the year

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Current tax		
UK corporation tax	466	184
Adjustment in respect of previous years	158	34
Total current tax (note 4(b))	624	218
Deferred tax		
Origination and reversal of timing differences	(214)	(17)
Effect of change in future tax rates	-	-
Adjustment in respect of previous years	(158)	(32)
Total deferred tax	(372)	(49)
Total tax charge for the year	252	169

(b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%)

The differences are explained below

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Profit on ordinary activities before taxation	899	595
Current tax at 28% (2009 28%)	252	167
Effects of		
Movement on non taxable provisions	-	-
Capital allowances in excess of depreciation	240	34
Profit on disposal of fixed assets	(26)	(17)
Adjustments in respect of prior years	158	34
Current tax charge for year (note 4(a))	624	218

(c) Factors that may affect future tax charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20th July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by £20,816. It has not yet been possible to quantify the full anticipated effect of the announced further 3% reduction, although this will further reduce the company's future current tax charge.

Notes to the financial statements continued

5 Dividends

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Ordinary Shares		
Interim	-	55
Final	-	115
Total dividends paid	-	170

6 Tangible Fixed Assets

	£000
Cost	
At 1 July 2009	4,438
Additions	1,114
Disposals	(952)
At 30 June 2010	4,600
Depreciation	
At 1 July 2009	2,392
Charge for year	771
Disposals	(800)
At 30 June 2010	2,363
Net book value	
At 30 June 2010	2,237
At 30 June 2009	2,046

7 Debtors

	2010 £000	2009 £000
Amounts falling due within one year		
Trade debtors	300	8
Amounts due from group undertakings	101	324
Accrued Interest	54	20
Other taxation and social security costs	-	48
Prepayments and accrued income	624	136
	1,079	536
Amounts falling due after more than one year		
Deferred Taxation	583	210
Deferred Taxation movement		
At 1 st July	210	161
Transferred to profit and loss account (note 4a)	373	49
At 30 th June	583	210
Amounts fully provided for deferred taxation		
Accelerated Capital Allowances	556	183
Provisions disallowed	27	27
	583	210

Notes to the financial statements continued

8 Creditors

	2010 £000	2009 £000
Amounts falling due within one year		
Trade creditors	205	293
Amounts due to group undertakings	1,166	1,395
Corporation tax	557	143
Other taxation and social security costs	24	-
Other creditors	131	152
Accruals and deferred income	1,185	930
	<u>3,268</u>	<u>2,913</u>

9 Obligations under leasing agreements

The annual instalments under non-cancellable operating leases entered into by the Company are set out below

	2010 £000	2009 £000
Operating leases expiring		
Within one year	1,010	596
Between one and five years	5,051	3,951
	<u>6,061</u>	<u>4,547</u>

10 Share capital

The share capital of the Company comprises

	2010 £	2009 £
Ordinary shares of £1 each		
Authorised	1,000	1,000
Issued and fully paid	100	100

11 Profit and loss account

	2010 £000	2009 £000
As at 1 July	1,848	1,592
Profit for the financial year	647	426
Dividend	-	(170)
At 30 June	<u>2,495</u>	<u>1,848</u>

Notes to the financial statements continued

12 Reconciliation of movements in shareholders' funds

The movement in reserves is as follows

	2010 £000	2009 £000
Opening shareholders' funds	1,848	1,592
Profit for the financial year	647	426
Dividend Paid	-	(170)
At 30 June	2,495	1,848

13 Capital commitments

	2010 £000	2009 £000
Contracted for but not provided in the financial statements	270	252

14 Related party transactions

In accordance with paragraph 3(c) of FRS 8 "Related Party Transactions", the company is exempt from disclosing details of arrangements with other wholly owned companies in the group

During the year, the company had transactions with the following disclosable related parties

- The company's immediate parent undertaking Kier Support Services Limited and ultimate parent undertaking Kier Group plc, and
- Fellow subsidiary undertakings as listed below

	Shareholding of Kier Group plc
Kier Harlow Limited	80 10%
Kier Sheffield LLP	80 10%
Kier North Tyneside Limited	80 00%
Kier Islington Limited	99 99%
Kier Stoke Limited	80 00%

During the year, the company provided goods and services to fellow subsidiary undertakings to the value of £287,980 (2009 £343,882), and had year end balances owing to it of (£85,921) (2009 (£473,471)) The amount of bad debt written off with respect to above transactions was Nil (2009 Nil)

During the year, the company purchased services and materials from fellow subsidiary undertakings to the value of Nil (2009 Nil), and had year end balances owing by it of Nil (2009 Nil)

15 Ultimate holding company

The Company is a wholly owned subsidiary of Kier Plant Limited The ultimate holding company is Kier Group plc Both these parent companies are registered in England and Wales and copies of their financial statements will be filed with Companies House, Crown Way, Cardiff, where they will be available to the public