

Company Registration No. 2624887 (England and Wales)

**KIER FACILITIES SERVICES LIMITED**

**Directors' Report and Financial Statements  
for the year ended 30 June 2012**

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**KIER FACILITIES SERVICES LIMITED**  
***Company Registration No. 2624887 (England and Wales)***

**DIRECTORS' REPORT**

The directors present their Directors' report and audited financial statements for the year ended 30 June 2012

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the Company continued to be that of providing facilities management and building services maintenance for the public and private sector commercial property market. There have not been any significant changes in the Company's principal activities in the year under review and the directors are not aware, as of the date of the report, of any likely material changes in the Company's activities in the forthcoming year.

As detailed in the Company's profit and loss statement on page 5, the Company's turnover has increased by 2% during the year to £115.3m with operating profit increasing 44% to £7.9m. The significant increase in operating profit being attributable to our continued focus on the underlying performance of our core contract portfolio alongside a significant reduction in our aged work in progress which has allowed additional profit to be recognised in the financial year.

The balance sheet on page 6 of the financial statements shows the Company's financial position at 30<sup>th</sup> June 2012 with net assets increasing to £8.3m compared to £6.4m a year earlier. Details of amounts owed by / to it from fellow subsidiary undertakings and joint ventures of Kier Group plc are shown in note 18 to the financial statements.

The Company in line with the Services division and Group uses key performance indicators across all of its contracts and the wider business to manage performance including operating margins, debt and cash management. The performance of the Services division is discussed in detail in the Kier Group plc annual report and accounts which can be found at [www.kier.co.uk](http://www.kier.co.uk)

Systems and procedures are in place to identify, assess and mitigate material business risks that could impact the Company and the monitoring of any exposure to risk and uncertainty is a key component of the Company's management processes. The principal risks facing the business are the current general economic environment, competition and contract pricing, operational risk, bad debt and or excessive levels of work in progress, employee recruitment & retention, maintenance of reputation alongside strong sub-contractor, supplier and customer relationships.

**RESULTS AND DIVIDENDS**

The results for the year are set out on page 5.

During the year, an interim ordinary dividend of £4,420,000 was paid (2011: £3,310,000).

**ENVIRONMENT**

Kier Facilities Services Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities. The Company operates in accordance with Kier Group policies, initiatives are designed to minimise the Company's impact on the environment including safe disposal of waste, recycling and reducing energy consumption.

**EMPLOYEES**

Details of the number of employees and related costs can be found in note 3 to the financial statements.

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS**

The following directors have held office since 1 July 2011

I M Lawson	(Chairman)	(Resigned 14 December 2011)
C Veritiero	(Chairman)	
W R Taylor		
D Mansfield		(Appointed 15 June 2012)
R A Baker		
I R Bray		
N J Chidgey		
M Davies		
J R Duxfield		
A M Lemarie		
D W Stiff		(Resigned 15 June 2012)
A Devenish		(Appointed 18 July 2012)

The Articles of Association of the Company provide for the indemnification of its directors out of the assets of the Company in the event that they suffer any loss or liability in the execution of their duties as directors. The Company has insurance in favour of its directors and officers in respect of certain losses or liabilities to which they may be exposed due to their office

**CHARITABLE DONATIONS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
During the year the Company made the following payments		
Charitable donations	<u>1</u>	<u>4</u>

**EMPLOYEE INVOLVEMENT**

The Company participates in the Group's policies and practices to keep employees informed on matters relevant to them, through regular meetings, newsletters, email notices and intranet communications. These communication initiatives enable employees to share information within and between business units and employees are encouraged, through an open door policy, to discuss with management matters of interest to the employee and subjects affecting day to day operations of the Company. The Group's Sharesave scheme as well as its All Employee Share Ownership Scheme are both firmly established and are designed to promote employee share ownership and to give employees the opportunity to participate in the future success of the Group.

**DISABLED PERSONS**

It is the Company's policy to give full consideration to suitable applications for employment from disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff and opportunities also exist for employees of the Company who become disabled to continue in their employment or to be retrained for other positions in the Company or Group.

**CREDITOR PAYMENT POLICY**

It is the Company's policy that payments to suppliers and subcontractors are made in accordance with those terms and conditions agreed between the Company and its suppliers and subcontractors, provided that all trading terms and conditions have been complied with. At 30 June 2012, the Company had on average 48 days purchases owed to trade creditors and 76 days purchases owed to subcontractors, compared to 38 days and 52 days respectively for the prior year.

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**DIRECTORS' REPORT (CONTINUED)**

**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 judgements 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,
- 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.

**AUDITORS**

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

**DISCLOSURE OF INFORMATION TO AUDITORS**

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each of us has taken all the steps that he or she ought to have taken in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

By Order of the Board



D HAMILTON  
SECRETARY

Southern Cross  
Basing View  
Basingstoke  
Hampshire  
RG21 4HG

Date 29 August 2012

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIER FACILITIES SERVICES LIMITED**

We have audited the financial statements of Kier Facilities Services Limited for the year ended 30 June 2012 set out on pages 5 to 17. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement 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). 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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**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 2012 and of its profit for the year the 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



**JM Papasolomontos (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

**29** August 2012

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 June 2012**

	<b>Notes</b>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Turnover</b>		<b>115,282</b>	112,822
Cost of sales		<u><b>(98,402)</b></u>	<u>(98,837)</u>
<b>Gross profit</b>		<b>16,880</b>	13,985
Administrative expenses		<u><b>(8,938)</b></u>	<u>(8,480)</u>
<b>Operating profit</b>	<b>2</b>	<b>7,942</b>	5,505
Net interest receivable	<b>4</b>	<u><b>722</b></u>	<u>706</u>
<b>Profit on ordinary activities before taxation</b>		<b>8,664</b>	6,211
Taxation on ordinary activities	<b>5</b>	<u><b>(2,334)</b></u>	<u>(1,938)</u>
<b>Profit for the financial year</b>	<b>16</b>	<u><b>6,330</b></u>	<u>4,273</u>

The above results have all been derived from continuing operations.

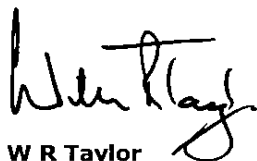
There is no difference between the historical cost result and the result stated above

**KIER FACILITIES SERVICES LIMITED**  
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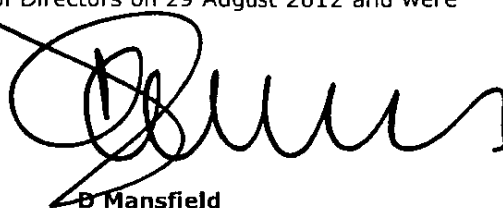
**BALANCE SHEET**  
**As at 30 June 2012**

	Notes	2012 £000	2011 £000
<b>Non-current assets</b>			
Intangible assets	6	230	240
Tangible assets	7	<u>6</u>	<u>8</u>
		236	248
<b>Current assets</b>			
Stock	8	4,789	3,591
Debtors - Amounts falling due within one year	9	14,803	15,248
Cash at bank		<u>24,979</u>	<u>21,017</u>
		44,571	39,856
Creditors - Amounts falling due within one year	10	<u>(34,409)</u>	<u>(31,494)</u>
<b>Net current assets</b>		<u>10,162</u>	<u>8,362</u>
<b>Total assets less current liabilities</b>		<u>10,398</u>	<u>8,610</u>
Creditors - Amounts falling due after more than one year	12	(807)	(943)
Provisions for liabilities	14	<u>(1,270)</u>	<u>(1,256)</u>
<b>Net assets</b>		<u>8,321</u>	<u>6,411</u>
<b>Equity capital and reserves</b>			
Called up share capital	15	2,500	2,500
Profit and loss account	16	<u>5,821</u>	<u>3,911</u>
<b>Shareholders' funds</b>	17	<u>8,321</u>	<u>6,411</u>

The financial statements were approved by the Board of Directors on 29 August 2012 and were signed on its behalf by



**W R Taylor**  
Director



**D Mansfield**  
Director

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**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 Company'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 and 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 continuing uncertain economic outlook. The directors therefore 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

As the Company is a wholly owned subsidiary of Kier Group Plc, the Company has taken advantage of the exemption under FRS 8 'Related Party Transactions' and therefore has not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group

**Turnover**

Turnover arises from the increase in valuations on contracts and the provision of goods sold and services provided in line with the principal activities set out in the 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

The general principles for profit recognition are

- Profit in respect of short term contracts is recognised when the contract is complete.
- Profit in respect of long term contracts is recognised on a percentage of completion basis when the contract's ultimate outcome can be foreseen with reasonable certainty
- Provision is made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent

**Pre-contract costs**

Costs associated with bidding for contracts are written off as incurred (pre-contract costs). When it is virtually certain that a contract will be awarded, usually when the Company has secured preferred bidder status, external costs incurred from that date to the date of financial close are carried forward in the balance sheet

When financial close is achieved on PFI or PPP contracts, external costs are recovered from the PFI special purpose vehicle and pre-contract costs are credited to the profit and loss account, except to the extent that the Company retains a share in the PFI special purpose vehicle. That element is deferred and recognised over the life of the construction contract to which the costs relate. Success fees and financing arrangements, which are not generally material amounts, are deferred in full and recognised over the life of the financing in place for the special purpose vehicle



**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**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, vehicles and equipment - 10% to 33% per annum

**Leases**

Operating lease rentals are charged to the profit and loss account in the year in which they are incurred. Assets held under hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreement. The amounts by which the repayments exceed the hire purchase obligations are rated as finance charges, which are amortised over each agreement term to give a constant rate of charge on the remaining balance of the obligation.

**Deferred taxation**

In accordance with FRS19 '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.

**Post Retirement Benefits (Pension Costs)**

The Company participates in a defined contribution pension scheme operated by the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company participates in the Kier Group Pension Scheme, a section of which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Share based payments**

The Group operates a share option plan under which eligible employees are able to participate in the LTIP plan. Options are granted at market value, determined immediately before the grant.

Awards made under the scheme are normally able to vest following the third anniversary of the date of grant. Vesting may be in full or in part (with the balance of the award lapsing), and is subject to the Company achieving performance targets.

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**2 Operating profit - continuing activities**

	<b>2012 £000</b>	<b>2011 £000</b>
Operating profit - continuing activities is stated after charging		
Depreciation	<b>2</b>	<b>3</b>
Remuneration of auditors		
Audit of financial statements of subsidiaries pursuant to legislation	<b>32</b>	<b>33</b>
Operating lease rentals Plant	<b>1,374</b>	<b>1,574</b>
Operating lease rentals Other	<b>402</b>	<b>402</b>
Hire of plant and equipment	<b><u>398</u></b>	<b><u>342</u></b>

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Kier Group plc

**3 Information relating to directors and employees**

	<b>2012 £000</b>	<b>2011 £000</b>
Directors' emoluments as executives		
Emoluments	<b>812</b>	<b>838</b>
Pension contributions	<b>176</b>	<b>174</b>
Share based payments	<b><u>2</u></b>	<b><u>3</u></b>
	<b><u>990</u></b>	<b><u>1,015</u></b>
Details of the highest paid director during the year were		
Emoluments	<b>169</b>	<b>126</b>
Pension contributions	<b><u>37</u></b>	<b><u>29</u></b>
	<b><u>206</u></b>	<b><u>155</u></b>

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

<b>3</b>	<b>Information relating to directors and employees (continued)</b>	<b>2012 £000</b>	<b>2011 £000</b>
	Staff costs, including directors		
	Wages and salaries	<b>31,155</b>	31,258
	Social security costs	<b>2,748</b>	2,703
	Other pension costs	<b>2,663</b>	3,195
		<b><u>36,566</u></b>	<b><u>37,156</u></b>
		<b>Number of directors 2012</b>	<b>2011</b>
	Retirement benefits are accruing to the following number of directors under		
	Money purchase schemes	<b>5</b>	5
	Defined benefit schemes	<b><u>3</u></b>	<b><u>4</u></b>
		<b>2012</b>	<b>2011</b>
	The average number of persons employed by the Company during the year, including directors, was	<b><u>1,746</u></b>	<b><u>1,720</u></b>
<b>4</b>	<b>Net interest receivable</b>	<b>2012 £000</b>	<b>2011 £000</b>
	Interest receivable on bank balances	<b><u>722</u></b>	<b><u>706</u></b>
		<b><u>722</u></b>	<b><u>706</u></b>
<b>5</b>	<b>Taxation on ordinary activities</b>	<b>2012</b>	<b>2011</b>
	<b>(a): Analysis of charge in period</b>	<b>£000</b>	<b>£000</b>
	<b>Current tax expense</b>		
	UK corporation tax	<b>1,806</b>	1,691
	Adjustments for prior years	<b><u>32</u></b>	<b><u>142</u></b>
	Total current tax charge	<b><u>1,838</u></b>	<b><u>1,833</u></b>

**KIER FACILITIES SERVICES LIMITED**  
**Company Registration No. 2624887 (England and Wales)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**Deferred tax expense**

Origination and reversal of temporary differences	428	43
Adjustments for prior years	(31)	(61)
Effect of change in tax rate	99	123
	<u>496</u>	<u>105</u>
Total deferred tax charge	496	105
Total tax charge on ordinary activities	<u>2,334</u>	<u>1,938</u>

The tax figures disclosed above exclude any debt capitalisation and transfer pricing adjustments. Any unmatched differences arising from the debt capitalisation and transfer pricing adjustments will be borne by Kier Ltd.

**(b): Factors affecting the current tax charge**

The tax charge is lower (2011 higher) than the standard rate of corporation tax in the UK for the year ended 30 June 2012 of 25.5% (2011 standard rate of 27.5%). The differences are explained below

	2012	2011
	£000	£000
Profit on ordinary activities before tax	<u>8,664</u>	<u>6,211</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.5% (2011 27.5%)	2,209	1,708
Effects of		
Expenses not deductible for tax purposes	25	26
Depreciation in excess of capital allowances	(19)	(30)
Other short term timing differences	(409)	(13)
Under provision in respect of prior years	<u>32</u>	<u>142</u>
Current tax charge for the year	<u>1,838</u>	<u>1,833</u>

**(c): Factors that may affect future tax charges**

The chancellor announced the reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures above.

The reduction in the main rate of UK corporation tax to 23 per cent which comes into effect from 1 April 2013 was substantively enacted after the balance sheet date on 3 July 2012 and therefore the further reduction in the deferred tax asset has not been included in the figures above. The overall effects of the further reductions from 24 per cent to 23 per cent, if these applied to the deferred tax balance at 30 June 2012, would be to further reduce the deferred tax asset by £45k.

The chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22 per cent by 1 April 2014, but these changes have not yet been substantively enacted and are therefore not included in the figures above.

**KIER FACILITIES SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

<b>6</b>	<b>Intangible assets</b>	<b>Rights £000</b>	<b>Total £000</b>
	<b>Cost</b>		
	At 1 July 2011	250	250
	At 30 June 2012	250	250
	<b>Amortisation</b>		
	At 1 July 2011	10	10
	Charged in year	10	10
	At 30 June 2012	20	20
	<b>Net book value at 30 June 2012</b>	<b>230</b>	<b>230</b>
	Net book value at 30 June 2011	240	240

On 7 September 2009, Kier Group Plc, through its subsidiary Kier Project Investment Limited, purchased from Telereal Trillium, 64% of the equity of Kent Building Schools for the Future Local Education Partnership (Kent LEP) and a 71.8% interest in the PFI projects being carried out by Kent LEP.

Kier Facilities Services' share of the investment of £250,000 represents the rights to participate in facilities management work on Wave 3 of the Kent Building Schools for the Future projects.

The asset is being amortised as the work is carried out over a period of approximately 25 years. Amortisation commenced in July 2010.

**KIER FACILITIES SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**7 Tangible assets**

	<b>Leasehold Improve- ments</b>	<b>Plant, Vehicles &amp; Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>			
At 1 July 2011	83	1,391	1,474
Disposals	(83)	(1,377)	(1,460)
At 30 June 2012	-	14	14
<b>Depreciation</b>			
At 1 July 2011	83	1,383	1,466
Depreciation charge	-	2	2
Disposals	(83)	(1,377)	(1,460)
At 30 June 2012	-	8	8
<b>Net book value at 30 June 2012</b>	<b>-</b>	<b>6</b>	<b>6</b>
Net book value at 30 June 2011	-	8	8

**KIER FACILITIES SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

<b>8</b>	<b>Stock</b>	<b>2012</b>	<b>2011</b>
		<b>£000</b>	<b>£000</b>
	Work in progress	<u>4,789</u>	<u>3,591</u>
		<b>4,789</b>	<b>3,591</b>
<b>9</b>	<b>Debtors: Amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
		<b>£000</b>	<b>£000</b>
	Trade debtors	10,591	10,263
	Construction contract retentions	198	393
	Accrued interest	188	174
	Amount due from other group undertakings	1,581	1,766
	Other debtors	984	829
	Prepayments & accrued income	169	235
	Deferred tax	<u>1,092</u>	<u>1,588</u>
		<b>14,803</b>	<b>15,248</b>
	Deferred tax movement		
	B/fwd at 1 July 2011	1,588	1,693
	Effect of rate change	(99)	(123)
	Transferred to profit and loss account	<u>(397)</u>	<u>18</u>
	C/fwd at 30 June 2012	<b>1,092</b>	<b>1,588</b>
	Amounts fully provided for deferred taxation		
	Accelerated depreciation	82	114
	Other timing differences	<u>1,010</u>	<u>1,474</u>
		<b>1,092</b>	<b>1,588</b>

Debtors include construction contract retentions of £99,000 (2011 £185,000) due after more than one year

<b>10</b>	<b>Creditors</b>	<b>2012</b>	<b>2011</b>
		<b>£000</b>	<b>£000</b>
	<u>Amounts falling due within one year</u>		
	Trade creditors	12,004	10,020
	Other creditors	1,226	846
	Construction contract balances	-	4,087
	Amount due to other group undertakings	4,168	4,735
	Other tax and social security	1,214	597
	Accruals and deferred income	13,266	8,819
	Corporation tax creditor	<u>2,531</u>	<u>2,390</u>
		<b>34,409</b>	<b>31,494</b>

**KIER FACILITIES SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**11 Deferred Grant**

Other creditors include a grant from Sheffield City Council in relation to the Westfield Sports Centre. The grant balance was £157,216 as at 30 June 2012 (2011 £197,157). Funds received from the grant are recorded as a creditor on the balance sheet. This balance reduces in line with expenditure incurred. The effect on profit during the year to 30 June 2012 was £Nil (2011 £Nil).

<b>12 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<u>Amounts due falling after more than one year</u>		
Accruals and deferred income	<u>807</u>	<u>943</u>
	<u><b>807</b></u>	<u><b>943</b></u>

**13 Obligations under operating leases**

The annual commitments under non-cancellable operating leases entered into by the Company are as follows

	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>Land &amp;</b>	<b>Plant &amp;</b>	<b>Land &amp;</b>	<b>Plant &amp;</b>
	<b>buildings</b>	<b>machinery</b>	<b>buildings</b>	<b>machinery</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expiring in less than one year	-	58	-	173
Expiring between two and five years	123	1,245	123	1,001
Expiring in more than five years	<u>279</u>	<u>-</u>	<u>279</u>	<u>-</u>
	<u><b>402</b></u>	<u><b>1,303</b></u>	<u><b>402</b></u>	<u><b>1,174</b></u>

**14 Provisions for liabilities**

	<b>Other provisions</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
At 1 July 2011	1,256	<b>1,256</b>
Additional amounts provided	<u>14</u>	<u><b>14</b></u>
At 30 June 2012	<u><b>1,270</b></u>	<u><b>1,270</b></u>

**15 Called up share capital**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Ordinary shares of £1 each		
Allotted, issued and fully paid	<u><b>2,500</b></u>	<u><b>2,500</b></u>



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

<b>16 Profit and loss account</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
At 1 July 2011	<b>3,911</b>	2,948
Profit for the financial year	<b>6,330</b>	4,273
Dividends	<b>(4,420)</b>	<b>(3,310)</b>
At 30 June 2012	<b><u>5,821</u></b>	<b><u>3,911</u></b>
 <b>17 Reconciliation of movements in shareholders' funds</b>	 <b>2012</b>	 <b>2011</b>
	<b>£000</b>	<b>£000</b>
Opening shareholders' funds	<b>6,411</b>	5,448
Profit for the financial year	<b>6,330</b>	4,273
Dividends	<b>(4,420)</b>	<b>(3,310)</b>
Closing shareholders' funds	<b><u>8,321</u></b>	<b><u>6,411</u></b>

**18 Related party transactions**

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

- Its key management personnel, and
- The Company's immediate parent undertaking Kier Services Limited and ultimate parent undertaking Kier Group plc, and
- Fellow subsidiary undertakings and joint ventures of Kier Group plc as listed below

**Shareholding of Kier  
Group plc as at  
30 June 2012**

Prospect Healthcare (Ipswich) Limited	50.00%
Information Resources (Oldham) Limited	50.00%
ASK (Greenwich) Limited	50.00%
Kent PFI Company 1 Limited	80.00%
Information Resources (Bournemouth) Limited	50.00%
Kier Harlow Limited	80.10%
Kier Sheffield LLP	80.10%
Kier North Tyneside Limited	80.00%
Kier Islington Limited	99.99%
Kier Stoke Limited	80.10%

**KIER FACILITIES SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**18 Related party transactions (continued)**

The Company's key management personnel are the directors. Details of the directors' remuneration are given in note 3.

During the year, the Company provided goods and services to fellow subsidiary undertakings and joint ventures of Kier Group plc to the value of £5,795,400 (2011 £9,920,101), and had year end balances owing to it of £792,463 (2011 £970,461). The amount of bad debt written off with respect to above transactions was £Nil (2011 £Nil).

During the year, the Company purchased services and materials from fellow subsidiary undertakings and joint ventures of Kier Group plc to the value of £181,978 (2011 £158,455), and had year end balances owing by it of £50,686 (2011 £30,631).

**19 Ultimate holding company**

The Company is a wholly owned subsidiary of Kier Services Limited. The ultimate holding company is Kier Group plc (registered in England and Wales). Both the parent and ultimate holding companies are registered in England and Wales and copies of their financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.