

Company Registration No. 2624887 (England and Wales)

KIER FACILITIES SERVICES LIMITED

**Annual Report and Financial Statements
for the year ended 30 June 2015**

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

DIRECTORS' REPORT

The directors present their Directors' and Strategic Reports and audited financial statements for the year ended 30 June 2015.

PRINCIPAL ACTIVITIES

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.

RESULTS AND DIVIDENDS

The results for the year are set out on page 8.

During the year, an interim ordinary dividend of £12,104,000 was paid (2014: £4,598,000).

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 and 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.

DIRECTORS

The following directors have held office since 1 July 2014:

W R Taylor	(Resigned 31 August 2014)
D Mansfield	(Resigned 06 February 2015)
N J Chidgey	(Resigned 17 March 2015)
I R Bray	(Appointed 14 December 2015)
M Davies	(Resigned 07 April 2015)
A M Lemarie	(Resigned 31 March 2015)
I Howarth	(Resigned 14 December 2015)
J D Wilkinson	(Resigned 16 October 2014)
M I Crookall	(Appointed 24 November 2014)
S J Davies	(Appointed 17 March 2015)

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

	2015	2014
	£000	£000
During the year the Company made the following payments:		
Charitable donations	<u>-</u>	<u>3</u>

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

DIRECTORS' REPORT (Continued)

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 2015, the Company had on average 20 days purchases owed to trade creditors and 68 days purchases owed to subcontractors, compared to 36 days and 64 days respectively for the prior year.

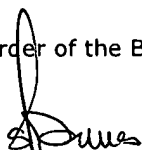
INDEPENDENT AUDITORS

KPMG LLP resigned as auditor on 22 June 2015 pursuant to section 516 of the Companies Act 2006. Subsequently, the directors appointed PricewaterhouseCoopers LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITOR

As far as the directors are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of such information.

By Order of the Board



MR STEVE DAVIES
MANAGING DIRECTOR

Southern Cross
Basing View
Basingstoke
Hampshire
RG21 4HG

Date: 11 February 2016

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

STRATEGIC REPORT

The company has delivered solid performance over the past 12 months under continuing difficult market conditions. The diverse portfolio of facilities management, building services maintenance and PFI contracts has remained balanced, contributing similar revenue proportions as prior years. Annual revenues grew 3.3% year on year to £115.8m while the company continued to pursue business development opportunities and, in year, added new contract wins estimated to deliver additional annual revenues of £22.9m and increased orderbook by future revenues of £103m.

The trading results for the year are set out in the Profit & Loss Account on page 8.

The Company's turnover has increased by 3.3% during the year to £115.8m with gross profit decreasing 34% to £14.9m and operating profit decreasing 72% to £3.4m. The significant decrease in gross and operating profit being primarily attributable to the recognition of profit generated from PFI Lifecycle fund surpluses accrued to date on the contract portfolio in the prior year.

The balance sheet on page 9 of the financial statements shows the Company's financial position at 30th June 2014 with net assets decreasing to £5.4m compared to £14.6m a year earlier. This variance is largely driven by the impact on cash of the significant unusual dividend paid to group during the year. 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.

Income from financing interest was £30k, down from £523k in the prior year.

The tax charge is at an average rate of 18.53% (2014: average rate of 23.0%). The reasons for the variance from the current UK rate for the year of 20.75% are set out in Note 5(b).

As at the year-end net cash was -£6,715k (negative) (2014: £12,612k). The movement in the balance mainly comprised the profit before tax (excluding depreciation and amortisation) of £3,427k (2014: £12,610k), decreased taxation of £531k (2014: £3,154k) less the non-cash impact of accrued profit of £5,248k (2014: £9,179), and increased dividends of £12,104k (2014: £4,598k), plus increased working capital of £4,871k (2014: £3,489k).

As at the end of the year work contracted for the year ended June 2016, represented in excess of 62% of the turnover for the year ended June 2015, means the Company is in a position to perform satisfactorily in what continues to be a competitive market.

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

CORPORATE RESPONSIBILITY

Kier Group plc attaches great importance to its corporate responsibility, as evidenced by the extensive Corporate Responsibility Report in its Financial Statements and in more detail online at www.kier.co.uk/ar2013/crr. As a member of the Kier group the Company abides by the same principles.

RISKS AND UNCERTAINTIES

The Company is party to the Kier Group plc Risk Management and Internal Control systems. This requires each company within the group to:

- identify risks and record them in a risk register;
- diagnose and qualify the risks as to their likelihood and impact, record the controls established and monitor their effectiveness;
- develop a plan to mitigate the likelihood and impact of the identified risks;
- regularly review the risk registers and action plans; and
- report key issues upwards to Kier Group plc.

These 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.

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

STRATEGIC REPORT (Continued)

The key risks identified for the Company, and the mitigating actions taken, are:

Risk description	Mitigation
The current, general economic environment	Awareness of pressures on customers and willingness to work in partnership to develop relationships and encourage contract retention, aligned to a continuous focus on business development to secure new work across a variety of markets and sectors.
Competition & contract pricing	Developed strategies and processes for bidding to fix parameters based on strategic importance of opportunities
Operational risk	Detailed systems of work and continuous focus on technical excellence and Health and Safety
Bad debt	Continuous review of debt issues to highlight risk and escalate as appropriate
High levels of work in progress	Key focus on outstanding and aged WIP reported on weekly and monthly basis
Employee Recruitment and retention	Group processes for employee feedback
Maintenance of reputation	Key policies in place outlining expectations of employees in terms of Health & Safety, working environments, technical excellence and ethics
Strong sub-contractor, supplier and customer relationships	Regular payment of suppliers, strong processes and systems of work and good communication with all parties to resolve issues as they arise

On behalf of the board



Steve Davies
Managing Director

11 February 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Accounting Standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 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 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.

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

Report on the financial statements

Our opinion

In our opinion, Kier Facilities Services 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 for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the balance sheet as at 30 June 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIER FACILITIES SERVICES 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 6, 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
12 February 2016

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

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2015

	Notes	2015 £000	2014 £000
Turnover		115,793	112,084
Cost of sales		<u>(100,893)</u>	<u>(89,332)</u>
Gross profit		14,900	22,752
Administrative expenses		<u>(11,503)</u>	<u>(10,665)</u>
Operating profit	2	3,397	12,087
Net interest receivable	4	<u>30</u>	<u>523</u>
Profit on ordinary activities before taxation		3,427	12,610
Taxation on ordinary activities	5	<u>(531)</u>	<u>(3,154)</u>
Profit for the financial year	16	<u>2,896</u>	<u>9,456</u>

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

All results arise from continuing operations.

The notes on pages 11 to 20 form an integral part of these financial statements.

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

BALANCE SHEET
As at 30 June 2015

	Notes	2015 £000	2014 £000
Non-current assets			
Intangible assets	6	200	210
Tangible assets	7	<u>195</u>	<u>112</u>
		395	322
Current assets			
Stock	8	9,271	7,773
Cash at bank		0	12,612
Debtors - Amounts falling due within one year	9	<u>33,787</u>	<u>22,224</u>
		43,058	42,609
Current liabilities			
Creditors - Amounts falling due within one year	10	<u>(36,129)</u>	<u>(27,587)</u>
Net current assets		<u>6,929</u>	<u>15,022</u>
Total assets less current liabilities		<u>7,324</u>	<u>15,344</u>
Creditors - Amounts falling due after more than one year	12	(177)	(263)
Provisions for liabilities	14	<u>(1,750)</u>	<u>(476)</u>
Net assets		<u>5,397</u>	<u>14,605</u>
Equity capital and reserves			
Called up share capital	15	2,500	2,500
Profit and loss account	16	<u>2,897</u>	<u>12,105</u>
Shareholders' funds	17	<u>5,397</u>	<u>14,605</u>

The notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 11 February 2016 and were signed on its behalf by:


Steve Davies
Managing Director

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. 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.

The Company has taken advantage of the exemption in Financial Reporting Standard 1 'Cash flow statements' from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a holding company registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement.

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 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.

The company has taken advantage of the exemption allowed in Financial Reporting Standard 8 'Related Party Disclosures' in order to dispense with the requirement to disclose transactions with other wholly owned Kier Group plc companies.

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 2015 (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 57% 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 treated 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 Group 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 2015 (Continued)

2 Operating profit

	2015	2014
	£000	£000
Operating profit - is stated after charging		
Depreciation	50	34
Amortisation of contract rights	10	10
Remuneration of auditor:		
Audit of these financial statements	30	29
Operating lease rentals: Plant	1,859	1,727
Operating lease rentals: Other	238	352
Hire of plant and equipment	962	626

Amounts receivable by the Company's auditor 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.

The 2014 auditor's remuneration for statutory audit services and non-audit services relate solely to amounts paid to KPMG LLP. The 2015 amounts relate solely to amounts paid to PricewaterhouseCoopers LLP.

3 Information relating to directors and employees

	2015	2014
	£000	£000
Directors' emoluments as executives:		
Emoluments	852	716
Pension contributions	103	159
Share based payments	1	1
	956	876
Details of the highest paid director during the year were:		
Emoluments	287	211
Pension contributions	26	43
	313	254

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

3 Information relating to directors and employees

	2015	2014
(continued)	£000	£000

Staff costs, including directors:

Wages and salaries	38,154	36,253
Social security costs	2,411	2,656
Other pension costs	2,829	2,981
	43,393	41,890

Number of directors

	2015	2014
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Retirement benefits are accruing to the following number of directors under:

Money purchase schemes	4	5
Defined benefit schemes	1	1

	2015	2014
The average number of persons employed by the Company during the year, including directors, was	1,742	1705

4 Net interest receivable

	2015	2014
	£000	£000

Interest receivable on bank balances	30	523
	30	523

5 Taxation on ordinary activities

	2015	2014
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(a): Analysis of charge in year

	£000	£000
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Current tax expense

UK corporation tax	635	3,011
Adjustments in respect of prior years	(310)	29

Total current tax charge	325	3,040
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KIER FACILITIES SERVICES LIMITED
Company Registration No. 2624887 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

	2015	2014
	£000	£'000
Deferred tax expense		
Origination and reversal of temporary differences	84	(1)
Adjustments for prior years	125	6
Effect of change in tax rate	(3)	109
Total deferred tax charge	206	114
Total tax charge on ordinary activities	531	3,154

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 (2014: higher) than the standard rate of corporation tax in the UK for the year ended 30 June 2015 of 20.75% (2014: standard rate of 22.5%). The differences are explained below:

	2015	2014
	£000	£000
Profit on ordinary activities before tax	3,427	12,610
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)	711	2,837
Effects of:		
Expenses not deductible for tax purposes	5	188
Depreciation in excess of capital allowances	(8)	(14)
Other short term timing differences	(73)	-
Under provision in respect of prior years	(310)	29
Current tax charge for the year	325	3,040

(c): Factors that may affect future tax charges

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 to reduce the deferred tax asset by an additional £52k.

The deferred tax balance as at the year-end has been recognised at 20%.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

6 Intangible assets	Rights
	£000
Cost	
At 1 July 2014	<u>250</u>
At 30 June 2015	250
Accumulated amortisation	
At 1 July 2014	(40)
Charged in year	<u>(10)</u>
At 30 June 2015	(50)
Net book value at 30 June 2015	<u>200</u>
Net book value at 30 June 2014	<u>210</u>

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
Company Registration No. 2624887 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

7 Tangible assets

	Plant, Vehicles & Equipment £000
Cost	
At 1 July 2014	160
Additions	136
Disposals	(3)
At 30 June 2015	<u>293</u>
Accumulated depreciation	
At 1 July 2014	48
Depreciation charge	50
At 30 June 2015	<u>98</u>
Net book value at 30 June 2015	<u>195</u>
Net book value at 30 June 2014	<u>112</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

8	Stock	2015	2014
		£000	£000
	Work in progress	<u>9,268</u>	<u>7,773</u>
	Consumables	<u>3</u>	<u>0</u>
		<u>9,271</u>	<u>7,773</u>
9	Debtors	2015	2014
		£000	£000
	<u>Amounts falling due within one year</u>		
	Trade debtors	14,155	9,318
	Construction contract retentions	19	19
	Accrued interest	-	127
	Amount due from other group undertakings	2,431	1,306
	Other debtors	15,540	10,026
	Other tax and social security	-	7
	Prepayments & accrued income	1,120	693
	Deferred tax	<u>522</u>	<u>728</u>
		<u>33,787</u>	<u>22,224</u>
	Deferred tax movement		
	B/fwd at 1 July	728	842
	Effect of rate change	3	(109)
	Transferred to profit and loss account	<u>(209)</u>	<u>(5)</u>
	C/fwd at 30 June	<u>522</u>	<u>728</u>
	<i>Amounts fully provided for deferred taxation</i>		
	Accelerated depreciation	53	57
	Other timing differences	<u>469</u>	<u>671</u>
		<u>522</u>	<u>728</u>
10	Creditors	2015	2014
		£000	£000
	<u>Amounts falling due within one year</u>		
	Trade creditors	10,052	7,209
	Other creditors	3,817	1,224
	Overdraft	6,715	-
	Amount due to other group undertakings	4,477	4,920
	Other tax and social security	797	-
	Accruals and deferred income	10,042	11,892
	Interest payable	85	-
	Corporation tax creditor	<u>145</u>	<u>2,342</u>
		<u>36,129</u>	<u>27,587</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

11 Deferred Grant

Other creditors include a grant from Sheffield City Council in relation to the Westfield Sports Centre. The grant balance was £215,071 as at 30 June 2015 (2014: £232,712). 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 2015 was £Nil (2014: £Nil).

12 Creditors

	2015	2014
	£000	£000
<u>Amounts falling due after more than one year</u>		
Accruals and deferred income	<u>177</u>	<u>263</u>
	<u>177</u>	<u>263</u>

13 Obligations under operating leases

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

	2015	2015	2014	2014
	Land &	Plant &	Land &	Plant &
	buildings	machinery	buildings	machinery
	£000	£000	£000	£000
Expiring in less than one year	-	307	209	184
Expiring between two and five years	87	664	85	853
Expiring in more than five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>87</u>	<u>971</u>	<u>294</u>	<u>1,037</u>

14 Provisions for liabilities

**Other
provisions
£000**

At 1 July 2014	476
Additional amounts provided	<u>1,274</u>
At 30 June 2015	<u>1,750</u>

The provision increase for the year is caused by reclassification of balances included in other creditor last financial year into separate category as visible here. The provisions relate to PFI business stream within Kier Facilities Services.

15 Called up share capital

	2015	2014
	£000	£000
Ordinary shares of £1 each		
Allotted, issued and fully paid	<u>2,500</u>	<u>2,500</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

	2015	2014
	£000	£000
16 Profit and loss account		
At 1 July 2014	12,105	7,247
Profit for the financial year	2,896	9,456
Dividends	<u>(12,104)</u>	<u>(4,598)</u>
At 30 June 2015	<u>2,897</u>	<u>12,105</u>
17 Reconciliation of movements in shareholders' funds		
	2015	2014
	£000	£000
Opening shareholders' funds	14,605	9,747
Profit for the financial year	2,896	9,456
Dividends	<u>(12,104)</u>	<u>(4,598)</u>
Closing shareholders' funds	<u>5,397</u>	<u>14,605</u>

18 Related party transactions

The company has taken advantage of the exemption allowed in Financial Reporting Standard 8 'Related Party Disclosures' in order to dispense with the requirement to disclose transactions with other wholly owned Kier Group plc companies.

19 Ultimate holding company

The Company is a subsidiary of Kier Services Ltd. The ultimate parent company is Kier Group plc. The largest group in which the results of the Company are consolidated is that headed by Kier Group plc. The smallest group in which they are consolidated is that headed by Kier Services Limited. Both these companies are registered in England and Wales and copies of their financial statements are available to the public and can be obtained from Tempsford Hall, Sandy, Bedfordshire, SG19 2BD.