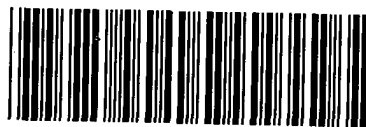


KIER FACILITIES SERVICES LIMITED

**Annual Report and Financial Statements
for the year ended 30 June 2014**

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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 2014.

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 £4,598,000 was paid (2013: £2,815,000).

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 2013:

C Veritiero	(Resigned 17 February 2014)
W R Taylor	
D Mansfield	
I R Bray	
N J Chidgey	
M Davies	
A M Lemarie	
I Howarth	

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

	2014	2013
	£000	£000
During the year the Company made the following payments:		
Charitable donations	<u>3</u>	<u>-</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 2014, the Company had on average 36 days purchases owed to trade creditors and 64 days purchases owed to subcontractors, compared to 31 days and 73 days respectively for the prior year.

AUDITORS

KPMG Audit Plc resigned as auditor on 10 April 2014 pursuant to section 516 of the Companies Act 2006. On 23 July 2014, the Directors appointed KPMG 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



N CHIDGEY
DIRECTOR

Southern Cross
Basing View
Basingstoke
Hampshire
RG21 4HG

Date: 4 November 2014

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. Despite a reduction in annual revenues the company continued to pursue business development opportunities and, in year, added new contract wins estimated to deliver future revenues of £19.7m.

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

The Company's turnover has decreased by 3% during the year to £112.1m with gross profit increasing 44% to £22.8m and operating profit increasing 139% to £12.1m. The significant increase 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.

The balance sheet on page 9 of the financial statements shows the Company's financial position at 30th June 2014 with net assets increasing to £14.6m compared to £9.7m 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.

Income from financing interest was £523k, down from £629k in the prior year.

The tax charge is at an average rate of 23.0% (2013: average rate of 20.9%). The reasons for the variance from the current UK rate for the year of 22.5% are set out in Note 5(b).

As at the year-end net cash was £12,612k (2013: £20,642k). The movement in the balance mainly comprised the profit before tax (excluding depreciation and amortisation) of £12,610k (2013: £5,678k), less the non-cash impact of accrued profit of £9,179k (2013: £nil), increased taxation of £3,154k (2013: £1,437k) and increased dividends of £4,598k (2013: £2,815k), plus increased working capital of £3,489k.

As at the end of the year work contracted for the year ended June 2015, representing in excess of 58% of the turnover for the year ended June 2014, 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



N. Chidgey
Finance Director

04 November 2014

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

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

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 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; 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.

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 2014 set out on pages 8 to 20. 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 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). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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 Strategic Report and 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.



Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

6 November 2014

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

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2014

	Notes	2014 £000	2013 £000
Turnover		112,084	115,997
Cost of sales		<u>(89,332)</u>	<u>(100,153)</u>
Gross profit		22,752	15,844
Administrative expenses		<u>(10,665)</u>	<u>(10,795)</u>
Operating profit	2	12,087	5,049
Net interest receivable	4	<u>523</u>	<u>629</u>
Profit on ordinary activities before taxation		12,610	5,678
Taxation on ordinary activities	5	<u>(3,154)</u>	<u>(1,437)</u>
Profit for the financial year	16	<u>9,456</u>	<u>4,241</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 10 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 2014

	Notes	2014 £000	2013 £000
Non-current assets			
Intangible assets	6	210	220
Tangible assets	7	<u>112</u>	<u>65</u>
		322	285
Current assets			
Stock	8	7,773	6,387
Debtors - Amounts falling due within one year	9	22,224	12,691
Cash at bank		<u>12,612</u>	<u>20,642</u>
		42,609	39,720
Creditors - Amounts falling due within one year	10	<u>(27,587)</u>	<u>(29,263)</u>
Net current assets		<u>15,022</u>	<u>10,457</u>
Total assets less current liabilities		<u>15,344</u>	<u>10,742</u>
Creditors - Amounts falling due after more than one year	12	(263)	(385)
Provisions for liabilities	14	<u>(476)</u>	<u>(610)</u>
Net assets		<u>14,605</u>	<u>9,747</u>
Equity capital and reserves			
Called up share capital	15	2,500	2,500
Profit and loss account	16	<u>12,105</u>	<u>7,247</u>
Shareholders' funds	17	<u>14,605</u>	<u>9,747</u>

The notes on pages 10 to 20 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 4 November 2014 and were signed on its behalf by:


I Bray
 Director


N Chidgey
 Director

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 2014 (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 50% 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 2014 (Continued)

2 Operating profit

	2014	2013
	£000	£000
Operating profit - is stated after charging		
Depreciation	34	6
Amortisation of contract rights	10	10
Remuneration of auditor:		
Audit of these financial statements	29	27
Operating lease rentals: Plant	1,727	1,267
Operating lease rentals: Other	352	407
Hire of plant and equipment	626	187

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 2013 auditor's remuneration for statutory audit services and non-audit services relate solely to amounts paid to KPMG Audit Plc. The 2014 amounts relate solely to amounts paid to KPMG LLP.

3 Information relating to directors and employees

	2014	2013
	£000	£000
Directors' emoluments as executives:		
Emoluments	716	966
Pension contributions	159	188
Share based payments	1	2
	876	1,156
Details of the highest paid director during the year were:		
Emoluments	211	203
Pension contributions	43	40
	254	243

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

3	Information relating to directors and employees	2014	2013
	(continued)	£000	£000
	Staff costs, including directors:		
	Wages and salaries	36,253	30,412
	Social security costs	2,656	2,822
	Other pension costs	2,981	3,198
		41,890	36,432
		Number of directors	
		2014	2013
	Retirement benefits are accruing to the following number of directors under:		
	Money purchase schemes	5	4
	Defined benefit schemes	1	2
		2014	2013
	The average number of persons employed by the Company during the year, including directors, was	1,705	1,762
4	Net interest receivable	2014	2013
		£000	£000
	Interest receivable on bank balances	523	629
		523	629
5	Taxation on ordinary activities	2014	2013
	(a): Analysis of charge in period	£000	£000
	Current tax expense		
	UK corporation tax	3,011	890
	Adjustments for prior years	29	297
	Total current tax charge	3,040	1,187

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

	2014	2013
	£000	£'000
Deferred tax expense		
Origination and reversal of temporary differences	(1)	485
Adjustments for prior years	6	(277)
Effect of change in tax rate	109	42
Total deferred tax charge	114	250
Total tax charge on ordinary activities	3,154	1,437

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 higher (2013: lower) than the standard rate of corporation tax in the UK for the year ended 30 June 2014 of 22.5% (2013: 23.75%). The differences are explained below:

	2014	2013
	£000	£000
Profit on ordinary activities before tax	12,610	5,678
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.5% (2013: 23.75%)	2,837	1,349
Effects of:		
Expenses not deductible for tax purposes	188	26
Depreciation in excess of capital allowances	(14)	(10)
Other short term timing differences	-	(475)
Under provision in respect of prior years	29	297
Current tax charge for the year	3,040	1,187

(c): Factors that may affect future tax charges

The Chancellor has so far cut the main rate of corporation tax from 24% to 21% since 2012, and announced it will reduce further by an additional 1% in April 2015, so it will reach 20%. The corporate tax reduction from 23% to 21% effective from 1 April 2014, and a further reduction to 20% effective from 1 April 2015 were both substantively enacted on 2 July 2013.

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 2014 (Continued)

6 Intangible assets	Rights
	£000
Cost	
At 1 July 2013	<u>250</u>
At 30 June 2014	250
Amortisation	
At 1 July 2013	30
Charged in year	<u>10</u>
At 30 June 2014	40
Net book value at 30 June 2014	<u>210</u>
Net book value at 30 June 2013	<u>220</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 2014 (Continued)

7 Tangible assets

	Plant, Vehicles & Equipment £000
Cost	
At 1 July 2013	79
Additions	81
	<hr/>
At 30 June 2014	160
 Depreciation	
At 1 July 2013	14
Depreciation charge	34
	<hr/>
At 30 June 2014	48
 Net book value at 30 June 2014	 112
	<hr/>
Net book value at 30 June 2013	65
	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

8	Stock	2014 £000	2013 £000
	Work in progress	<u>7,773</u>	<u>6,387</u>
		<u>7,773</u>	<u>6,387</u>
9	Debtors	2014 £000	2013 £000
	<u>Amounts falling due within one year</u>		
	Trade debtors	9,318	10,443
	Construction contract retentions	19	22
	Accrued interest	127	164
	Amount due from other group undertakings	1,306	375
	Other debtors	10,026	532
	Other tax and social security	7	-
	Prepayments & accrued income	693	313
	Deferred tax	728	842
		<u>22,224</u>	<u>12,691</u>
	Deferred tax movement		
	B/fwd at 1 July 2013	842	1,092
	Effect of rate change	(109)	(42)
	Transferred to profit and loss account	(5)	(208)
		<u>728</u>	<u>842</u>
	C/fwd at 30 June 2014		
	<u>Amounts fully provided for deferred taxation</u>		
	Accelerated depreciation	57	71
	Other timing differences	671	771
		<u>728</u>	<u>842</u>
	Debtors include construction contract retentions of £Nil (2013: £Nil) due after more than one year.		
10	Creditors	2014 £000	2013 £000
	<u>Amounts falling due within one year</u>		
	Trade creditors	7,209	11,298
	Other creditors	1,224	3,563
	Amount due to other group undertakings	4,920	4,072
	Other tax and social security	-	589
	Accruals and deferred income	11,892	9,147
	Corporation tax creditor	2,342	594
		<u>27,587</u>	<u>29,263</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

11 Deferred Grant

Other creditors include a grant from Sheffield City Council in relation to the Westfield Sports Centre. The grant balance was £232,712 as at 30 June 2014 (2013: £213,648). 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 2014 was £Nil (2013: £Nil).

12 Creditors

	2014 £000	2013 £000
<u>Amounts falling due after more than one year</u>		
Accruals and deferred income	<u>263</u>	<u>385</u>
	<u>263</u>	<u>385</u>

13 Obligations under operating leases

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

	2014	2014	2013	2013
	Land &	Plant &	Land &	Plant &
	buildings	machinery	buildings	machinery
	£000	£000	£000	£000
Expiring in less than one year	209	184	10	218
Expiring between two and five years	85	853	229	1,240
Expiring in more than five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>294</u>	<u>1,037</u>	<u>239</u>	<u>1,458</u>

14 Provisions for liabilities

	Other provisions £000
At 1 July 2013	610
Amounts utilised/released during the year	<u>(134)</u>
At 30 June 2014	<u>476</u>

15 Called up share capital

	2014 £000	2013 £000
Ordinary shares of £1 each		
Allotted, issued and fully paid	<u>2,500</u>	<u>2,500</u>

KIER FACILITIES SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

	2014	2013
	£000	£000
16 Profit and loss account		
At 1 July 2013	7,247	5,821
Profit for the financial year	9,456	4,241
Dividends	<u>(4,598)</u>	<u>(2,815)</u>
At 30 June 2014	<u>12,105</u>	<u>7,247</u>
17 Reconciliation of movements in shareholders' funds		
	2014	2013
	£000	£000
Opening shareholders' funds	9,747	8,321
Profit for the financial year	9,456	4,241
Dividends	<u>(4,598)</u>	<u>(2,815)</u>
Closing shareholders' funds	<u>14,605</u>	<u>9,747</u>

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 2014**

Kier Sheffield LLP	80.00%
Kier Stoke Ltd	80.00%
Kent PFI Holdings Company 1 Ltd	80.00%
Kier North Tyneside Ltd	80.00%
Kier Harlow Ltd	80.00%
Information Resources (Oldham) Ltd	50.00%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (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 £2,831,190 (2013: £4,223,000), and had year end balances owing to it of £410,368 (2013: £199,593). The amount of bad debt written off with respect to above transactions was £Nil (2013: £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 £186,949 (2013: £147,340), and had year end balances owing by it of £116,235 (2013: £30,244).

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.