

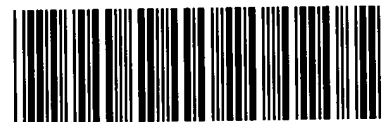
Registration number: 06927150

# Kier North Tyneside Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2016

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# **Kier North Tyneside Limited**

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# **Kier North Tyneside Limited**

## **Company Information**

<b>Directors</b>	Mike Furze Paul Hanson David Mawson Phil Oades Paul Leadbitter
<b>Company secretary</b>	James Walder
<b>Registered office</b>	Tempsford Hall Sandy Bedfordshire SG19 2BD
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP

## **Kier North Tyneside Limited**

### **Strategic Report for the Year Ended 30 June 2016**

The directors present their strategic report for Kier North Tyneside Limited (the "Company") for the year ended 30 June 2016.

#### **Fair review of the business**

The majority of the activities are performed on behalf of North Tyneside Council under a nine year and seven months partnering contract which commenced on 7 September 2009. The Company has enjoyed a successful trading year with revenues of £42.9m (2015: £43.2m) and profits of £1.4m (2015: £1.3m) and the directors are satisfied with the results. The Company intends to develop its existing activities with the Council and also to expand its customer base.

The Company assesses performance via a range of measures including contract performance, customer satisfaction, quality reviews, debt reviews and regular reforecasting and monitoring reviews. The Company's aim is to provide a quality, cost effective client facing service whilst delivering positive financial returns to its shareholders.

There has been strong performance across most areas of the business. There was another strong year in Responsive maintenance with a number of the KPIs achieving gold status at 31 March 2016 although it has proved challenging to reduce the void repair times which is a key priority for the Council.

Performance was strong on the capital projects with a high volume of housing planned works and the summer education works being successfully completed. There were a number of high profile projects during the year which included:

- Completion of 41 Affordable Housing units at Wallsend (including 500th Affordable Home for the Council)
- Specialist Housing at Somervyl Court
- Extension at Forest Hall Primary School
- Works to improve the layout and facilities at Whitley Bay Promenade

There has also been significant progress in reducing the Accident Incident Rate (AIR).

During the year there were two separate reviews by the Council's Overview and Scrutiny Committee. The first of these focused on the priorities for the Company for the period to 31 March 2019 when the original contract is due to end. These recommendations have been combined with a number of other service improvement plans and action plans to form the Partnership Improvement Plan. This document ensures that both the Company and Council are working towards the same objectives with progress being tracked at sub groups and by the Operational Partnering Board.

The second review assessed the range of options that the Council have post 31 March 2019 and this resulted in Cabinet approving an approach that considered extending the contract with Kier, bringing the service back in house or reprocurring the service.

Overall it has been another good year of performance for the Company.

## Kier North Tyneside Limited

### Strategic Report for the Year Ended 30 June 2016 (continued)

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Gross Profit	%	18.30	18.20
Net Profit	%	3.20	2.90
LGSR certification	%	100.00	99.99
Waste recycled	%	99.40	98.10
Customer Satisfaction (Repairs)	%	90.70	87.60

One of the biggest successes of the year was the reduction of the Accident Incident Rate to 536 (2015: 1,095) and this has continued to fall in the new financial year.

#### Corporate responsibility

The Kier Group attaches great importance to its corporate responsibility, as evidenced by the Resources and Relationships section in the Kier Group plc 2016 Annual Report and its full Corporate Responsibility Report for 2016, which is available on [www.kier.co.uk](http://www.kier.co.uk). As a member of the Kier Group, the Company abides by the same principles.

#### Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk and management, are consistent with the principal risks of the Kier Group plc group of companies (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 27 to 32 of Kier Group plc's annual report for the year ended 30 June 2016.

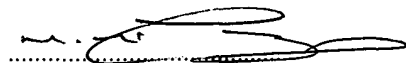
There are a number of key local risks that are managed through a Company risk register and the Council's risk management system. The key risks identified for the Company and the mitigating actions taken are:

- Financial pressures within the Council may impact the Company with a reduced volume of works
- Quality and cost of operational delivery may not meet the contractual or expected requirements

Both these risks are managed by regular and structured meeting with key staff from both the Company and the Council. These consider current operational and financial performance and also consider the future work levels.

The Company will be engaging with the Council over the next 12 months on the possibility of a five year extension to the contract with a decision expected from the Council in September 2017.

Approved by the Board on 26 January 2017 and signed on its behalf by:



Mike Furze  
Director

## **Kier North Tyneside Limited**

### **Directors' Report for the Year Ended 30 June 2016**

The directors present their report and the audited financial statements for the year ended 30 June 2016.

#### **Directors of the Company**

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

Mike Furze

Paul Hanson

David Mawson

Phil Oades

Paul Leadbitter

#### **Principal activity**

The principal activity of the Company is housing and building maintenance, gas servicing and repair and construction.

#### **Dividends**

The directors recommend a final dividend payment of £500,000 be made in respect of the financial year ended 30 June 2016. This dividend has not been recognised as a liability in the financial statements.

#### **Employment of disabled persons**

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

#### **Employee involvement**

The Company provides relevant information on matters of concern to employees through newsletters, video addresses, the Kier Group's intranet, social media and formal and informal meetings with various groups of employees and management. These arrangements also aim at achieving a common awareness on the part of employees of matters affecting the performance of the Company and the wider Kier Group. The Company also consults with employees so as to ascertain their views in relation to decisions which are likely to affect their interests.

## **Kier North Tyneside Limited**

### **Directors' Report for the Year Ended 30 June 2016 (continued)**

#### **Safety, health and environmental matters**

The health and safety of all those who visit and work at the Group's sites, together with the protection of the environment are key priorities for the Kier Group. Accordingly, the Group has a well-established and robust governance structure, led by the Kier Group Safety, Health and Environment ('SHE') Committee, to ensure that safety, health and environment matters are appropriately managed.

The role of the SHE Committee includes:

- \* Assisting the Kier board to review the Kier Group's strategy with respect to SHE matters;
- \* Encouraging management accountability with respect to managing the Kier Group's SHE risks;
- \* Reviewing and, as necessary, approving material group-wide SHE initiatives, policies and procedures;
- \* Receiving reports on any major SHE incidents; and
- \* Monitoring the Kier Group's performance against SHE targets.

For further information on Kier Group's activities with regards to Safety, Health and Environment, please see the Kier Group plc 2016 Annual Report (available at [www.kier.co.uk](http://www.kier.co.uk)).

#### **Future developments**

The Company is in the process of submitting their proposals for the five year extension of the contract from 1 April 2019. North Tyneside Council are expected to make a decision on the extension in the summer of 2017.

#### **Directors' liabilities**

The articles of association of the Company entitle the directors of the Company, to the extent permitted by the Companies Act 2006 and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as directors of the Company.

In addition, Kier maintains insurance for the directors and officers of companies within the Kier Group to cover certain losses or liabilities to which they may be exposed due to their office.

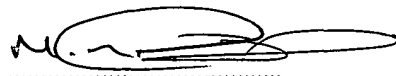
#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### **Reappointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed to shareholders.

Approved by the Board on 26 January 2017 and signed on its behalf by:



.....  
Mike Furze  
Director

## **Kier North Tyneside Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 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.



## **Kier North Tyneside Limited**

### **Independent Auditors' Report to the members of Kier North Tyneside Limited**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Kier North Tyneside 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 2016 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 Statement of Financial Position as at 30 June 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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 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.

## **Kier North Tyneside Limited**

### **Independent Auditors' Report to the members of Kier North Tyneside 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

**30** January 2017

# Kier North Tyneside Limited

## Income Statement for the Year Ended 30 June 2016

	Note	2016 £ 000	2015 £ 000
Revenue	3	42,941	43,170
Cost of sales		<u>(35,091)</u>	<u>(35,320)</u>
Gross profit		7,850	7,850
Administrative expenses		<u>(6,466)</u>	<u>(6,573)</u>
Operating profit	4	<u>1,384</u>	<u>1,277</u>
Finance income	5	8	2
Finance costs	6	<u>-</u>	<u>(21)</u>
Net finance income/(cost)		<u>8</u>	<u>(19)</u>
Profit before tax		1,392	1,258
Income tax expense	10	<u>(278)</u>	<u>(260)</u>
Profit for the financial year		<u><u>1,114</u></u>	<u><u>998</u></u>

The above results were derived from continuing operations.

## **Kier North Tyneside Limited**

### **Statement of Comprehensive Income for the Year Ended 30 June 2016**

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit for the financial year	<u>1,114</u>	<u>998</u>
Total comprehensive income for the year	<u><u>1,114</u></u>	<u><u>998</u></u>

The notes on pages 13 to 23 form an integral part of these financial statements.

# Kier North Tyneside Limited

(Registration number: 06927150)

## Statement of Financial Position as at 30 June 2016

	Note	2016 £ 000	2015 £ 000
<b>Non-current assets</b>			
Intangible assets	12	2,023	2,760
Tangible assets	11	70	3
Deferred tax assets	10	-	2
		<u>2,093</u>	<u>2,765</u>
<b>Current assets</b>			
Stocks	13	2,968	2,383
Debtors	14	4,157	5,837
Cash at bank and in hand		4,142	3,703
		<u>11,267</u>	<u>11,923</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	16	(9,183)	(11,110)
Income tax liability		<u>(136)</u>	<u>(151)</u>
<b>Creditors: Amounts falling due within one year</b>		<u>(9,319)</u>	<u>(11,261)</u>
<b>Net current assets</b>		<u>1,948</u>	<u>662</u>
<b>Net assets</b>		<u>4,041</u>	<u>3,427</u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss account		<u>4,040</u>	<u>3,426</u>
<b>Total Shareholders' funds</b>		<u>4,041</u>	<u>3,427</u>

Approved by the Board on 26 January 2017 and signed on its behalf by:



Mike Furze

Director

The notes on pages 13 to 23 form an integral part of these financial statements.

# Kier North Tyneside Limited

## Statement of Changes in Equity for the Year Ended 30 June 2016

	<b>Called up Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 July 2015	1	3,426	3,427
Profit for the financial year	-	1,114	1,114
Total comprehensive income	-	1,114	1,114
Dividends	-	(500)	(500)
At 30 June 2016	1	4,040	4,041

	<b>Called up Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 July 2014	1	2,428	2,429
Profit for the financial year	-	998	998
Total comprehensive income	-	998	998
At 30 June 2015	1	3,426	3,427

## **Kier North Tyneside Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of its registered office is:

Tempsford Hall  
Sandy  
Bedfordshire  
SG19 2BD  
England

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements are the first published financial statements of the company that have been reported in accordance with FRS101, having previously been prepared in accordance with UK GAAP. Some of the FRS101 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP and consequently the directors have amended certain accounting policies to comply with FRS101.

The transition to FRS101 has not resulted in any changes to the figures that would have been reported under previous UK GAAP.

##### **Summary of disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101.

- The requirements of IFRS 7 'Financial Instruments: Disclosures'
- The requirements of paragraphs 91 to 99 of IFRS13 'Fair Value Measurement'
- The requirement in paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS1
- The requirement of paragraphs 10(d), 10a(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS1 'Presentation of Financial Statements'
- The requirements of paragraphs 134 to 136 of IAS1 'Presentation of Financial Statements'
- The requirements of IAS7 'Statement of Cash Flows'
- The requirements of paragraphs 30 and 31 of IAS8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS36 'Impairment of Assets'

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 July 2015 have had a material effect on the financial statements.

## **Kier North Tyneside Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company activities.

##### **Long term contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### **Property, plant and equipment**

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation...



## Kier North Tyneside Limited

### Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

#### 2 Accounting policies (continued)

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer and communications equipment	20%-33% Straight line
Office furniture, fittings and equipments	20%-33% Straight line
Vehicle racking	33% Straight line

##### Intangible assets

Amounts incurred to secure long term contract rights are treated as intangible assets and amortised over the periods in which the related cash flows arise.

##### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Intangible asset	Over the life of the contract

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

##### Inventories

Inventories are stated at the lower of cost, which includes attributable overhead, and net realisable value.

##### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

##### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

# Kier North Tyneside Limited

## Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

### 2 Accounting policies (continued)

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### Defined contribution pension obligation

The company also participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company 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 financial year.

#### Defined benefit pension obligation

The company contributes to a defined benefit Local Government Pension Scheme. The company is not exposed to the risk of surplus or deficit in the pension scheme for the term of the contract with the Council. The contributions to this scheme have therefore been treated as money purchase contributions and the deficit/surplus in the scheme has not been recognised on the balance sheet.

### 3 Revenue

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2016	2015
	£ 000	£ 000
Rendering of services	42,941	43,170

### 4 Operating profit

Arrived at after charging

	2016	2015
	£ 000	£ 000
Depreciation expense	2	4
Amortisation expense	737	736
Operating lease expense - property	356	356
Operating lease expense - plant and machinery	161	1,256

### 5 Finance Income

	2016	2015
	£ 000	£ 000
Interest income on bank deposits	8	2

# Kier North Tyneside Limited

## Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

### 6 Finance costs

	2016 £ 000	2015 £ 000
Other finance costs	-	21

### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	11,713	11,277
Social security costs	972	915
Other Pension costs	84	92
	<u>12,769</u>	<u>12,284</u>

The monthly average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Production	226	236
Administration and support	163	164
	<u>389</u>	<u>400</u>

## Kier North Tyneside Limited

### Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Remuneration	158	282
Contributions paid to money purchase schemes	18	38
	<u>176</u>	<u>320</u>

In respect of the highest paid director:

	2016 £ 000	2015 £ 000
Remuneration	156	153
Company contributions to money purchase pension schemes	18	22

#### 9 Auditors' remuneration

	2016 £ 000	2015 £ 000
Audit of the financial statements	<u>15</u>	<u>13</u>

## Kier North Tyneside Limited

### Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

#### 10 Income tax

Tax charged in the income statement

	2016 £ 000	2015 £ 000
<b>Current taxation</b>		
UK corporation tax	276	260
UK corporation tax adjustment to prior periods	-	(10)
	<u>276</u>	<u>250</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	2	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	10
	<u>2</u>	<u>10</u>
Total deferred taxation	<u>2</u>	<u>10</u>
Tax expense in the income statement	<u>278</u>	<u>260</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.75%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	<u>1,392</u>	<u>1,258</u>
Corporation tax at standard rate	278	261
Increase (decrease) in current tax from adjustment for prior periods	-	(1)
Total tax charge	<u>278</u>	<u>260</u>

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020.

Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

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 Limited.

# Kier North Tyneside Limited

## Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

### 10 Income tax (continued)

#### Deferred tax

Deferred tax movement during the year:

	At 1 July 2015 £ 000	Recognised in income £ 000	At 30 June 2016 £ 000
Accelerated tax depreciation	-	-	-
Other items	2	(2)	-
Net tax assets/(liabilities)	<u>2</u>	<u>(2)</u>	<u>-</u>

Deferred tax movement during the prior year:

	At 1 July 2014 £ 000	Recognised in income £ 000	At 30 June 2015 £ 000
Accelerated tax depreciation	-	-	-
Other items	12	(10)	2
Net tax assets/(liabilities)	<u>12</u>	<u>(10)</u>	<u>2</u>

The deferred tax balance as at the year end has been recognised at 18%.

### 11 Tangible assets

	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 July 2015	42	42
Additions	<u>69</u>	<u>69</u>
At 30 June 2016	<u>111</u>	<u>111</u>
<b>Accumulated Depreciation</b>		
At 1 July 2015	39	39
Charge for the year	<u>2</u>	<u>2</u>
At 30 June 2016	<u>41</u>	<u>41</u>
<b>Carrying amount</b>		
At 30 June 2016	<u>70</u>	<u>70</u>
At 30 June 2015	<u>3</u>	<u>3</u>

# Kier North Tyneside Limited

## Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

### 12 Intangible assets

	Other intangible assets £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 July 2015	7,030	7,030
At 30 June 2016	7,030	7,030
<b>Accumulated Amortisation</b>		
At 1 July 2015	4,270	4,270
Amortisation charge	737	737
At 30 June 2016	5,007	5,007
<b>Carrying amount</b>		
At 30 June 2016	2,023	2,023
At 30 June 2015	2,760	2,760

### 13 Stocks

	2016 £ 000	2015 £ 000
Raw materials and consumables	276	317
Work in progress	2,692	2,066
	2,968	2,383

### 14 Debtors

	2016 £ 000	2015 £ 000
Trade receivables	1,103	2,316
Provision for impairment of trade receivables	(40)	(142)
Net trade receivables	1,063	2,174
Receivables from related parties	958	821
Prepayments	1,807	2,496
Other receivables	329	346
Total current trade and other receivables	4,157	5,837

# Kier North Tyneside Limited

## Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

### 15 Called Share capital

#### Allotted, called up and fully paid shares

	No.	2016 £ 000	No.	2015 £ 000
Ordinary A of £1 each	200	-	200	-
Ordinary B of £1 each	800	1	800	1
	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

### 16 Trade and other payables

	2016 £ 000	2015 £ 000
Trade payables	3,780	3,785
Accrued expenses	4,542	6,196
Amounts due to related parties	178	272
Social security and other taxes	683	857
	<u>9,183</u>	<u>11,110</u>

### 17 Dividends

	2016 £ 000	2015 £ 000
Interim dividend of £500.00 (2015 - £Nil) per ordinary share	<u>500</u>	<u>-</u>

The directors are proposing a final dividend of £500.00 (2015 - £Nil) per share totalling £500,000.00 (2015 - £Nil). This dividend has not been accrued in the statement of financial position.



## **Kier North Tyneside Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)**

#### **18 Related party transactions**

##### **Summary of transactions with entities with joint control or significant interest**

Turnover for the year includes £41.6m (2015: £42.0m) for goods and services supplied to North Tyneside Council and cost of sales and administrative expenses includes £1.8m (2015: £2.2m) for goods and services purchased from North Tyneside Council. An amount of £0.9m (2015: £2.2m) was included in debtors at 30 June 2016 and £0.8m (2015: £0.2m) included in creditors at 30 June 2016 relating to North Tyneside Council.

##### **Summary of transactions with associates**

As part of the large Kier organisation there are a number of transactions with different companies in the Kier Group. The main transactions relate to payroll, fleet and management fee costs.

Kier Fleet Services Limited - £1,132k (2015: £800k)

Kier Facilities Services Limited - £nil (2015: £9k)

Kier Limited - £13,381k (£16,436k)

Kier Services Limited - £4,962k (2015: £5,252k)

Kier Stoke Limited - £nil (2015: £1k)

Kier Construction Limited - £nil (2015: £4k)

Kier Asset Partnership Services Limited - £nil (2015: £4k)

Kier Living Limited - £3,911k (2015: £nil)

Kier Property Limited - £1,177k (2015: £nil)

At 30 June 2016 there were the following balances with companies in the Kier Group:

Kier Fleet Services Limited £nil (2015: creditor of £120k)

Kier Limited creditor of £nil (2015: creditor of £88k)

Kier Construction Limited £nil (2015: debtor of £12k)

Kier Services Limited debtor of £925k (2015: debtor of £745k)