

Registration number: 05457729

Kier Education Services Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2022



Kier Education Services Limited

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Kier Education Services Limited

Company Information

Directors	Jayne Hettle Peter Seddon (alternate director) Steven Van Raalte
Company secretary	Jaime Tham
Registered office	2nd Floor Optimum House Clippers Quay Salford M50 3XP
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Kier Education Services Limited
Strategic Report for the Year Ended 30 June 2022

The directors present their strategic report for Kier Education Services Limited (the "Company") for the year ended 30 June 2022.

The Company is a member of the Kier Group plc ("Kier") group of companies (the "Kier Group" and the "Group").

Principal activities

The principal activities of the Company are to provide programme management and construction management services for the Building Schools for the Future programme for the London Borough of Hackney ("LBH").

Fair review of the business

Over the course of the year, the Company's core business activities continued to perform in line with expectations. The £0.8m increase in revenue in comparison with the prior year is due an increase in London Borough of Hackney's capital investment programme. The net assets of the Company increased to £10,367,000 at 30 June 2022 from £8,319,000 at 30 June 2021.

		Year ended	Year ended
		30 June	30 June
	Unit	2022	2021
Revenue	£ 000	1,345	584
Profit for the financial year	£ 000	2,048	1,173

Stakeholders

The Directors consider that during the year, they have acted to promote the long-term success of the Company, that has generated value for shareholders and contributed to the wider society while considering the interests of a range of stakeholders as set out in section 172(1) (a) to (f) of the Companies Act 2006.

Employees, customers, shareholders, supply chain partners, banks, lenders, sureties and insurers, pension trustees, joint venture partners and the UK government are all key stakeholders for the Group. As part of the decision-making process, Kier looks at how it will potentially impact its stakeholders. Engagement with stakeholders is seen as key to the delivery of Kier's purpose and strategy and therefore its long-term sustainable success. Read more on our engagement with key stakeholders in the Kier Group plc 2022 Annual Report on pages 32 to 35.

Corporate responsibility

Please see the Environmental, Social and Governance report 'Building for a sustainable world' in the Kier Group plc 2022 Annual Report (pages 42 to 65 inclusive), which is available at www.kier.co.uk, for details of the Group's corporate responsibility activities. As a member of the Group, the Company has participated in these activities.

Kier Education Services Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal controls and for ensuring that significant risks are identified and appropriately managed. The Kier Group has delegated the review of the effectiveness of the Group's risk management processes to the Kier Group Risk Management and Audit Committee ("RMAC"), including the systems established to identify, assess, manage and monitor risk. The risks faced by the Group are reviewed by the RMAC on a quarterly basis.

The nature of the industries and the business environment in which the Company operates are inherently risky. Although it is recognised that it is not possible to eliminate all such risks and uncertainties, the Group has well-established risk management and internal control systems to manage them.

On behalf of the Kier Group, the RMAC identifies the risks that it considers most likely, without effective mitigation, to have an impact on the Company and its strategic priorities. If emerging risks are identified in between these annual reviews, these are incorporated immediately into the risk management process. The principal risks as relevant to the Company are set out below, together with a summary of the actions taken to mitigate each risk.

Health and safety

Principal risk: failure to maintain a safe working environment and prevent a major incident.

The Company's operations are complex and potentially hazardous and require the continuous management of health, safety, wellbeing and sustainability matters.

Potential impact:

- An increase in safety or environmental incidents on site;
- The failure to meet clients' expectations, adversely affecting the ability to bid for and win new work;
- Financial penalties arising from fines, legal action and project delays; and
- An unhealthy employee population with heightened risk of stress, resulting in greater levels of absence and less operational resilience.

Mitigating actions:

- Continued focus on the five SHE basics;
- Implementing the responsible business approach which includes the launch of the Kier Group's new Health, Safety & Wellbeing strategy, alongside the consistent delivery of the Kier Group's 'Building for a Sustainable World' framework;
- Embed the four strategic pillars and associated objectives of the Kier Group's Health, Safety & Wellbeing strategy (behaviour, operational safety, health and wellbeing and engineering safety); and
- Setting a tone from the top, through activities such as senior management visible leadership tours.

Kier Education Services Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Legislation and regulation

Principal risk: failure to comply with and manage effectively current legislation and regulation and any changes to them.

The sectors in which the Company operates are subject to increasing scrutiny from stakeholders, oversight from regulators and requirements including those introduced by new legislation or regulation.

Potential impact:

- Penalties for failing to adhere to legislation or regulation;
- Increased operating costs of compliance;
- The loss of business; and
- Reputational damage.

Mitigating actions:

- Appropriate policies that are regularly reviewed and relevant training and awareness programmes to support policy implementation;
- Regular engagement with Government and Government agencies with respect to the Company's continued compliance;
- Monitoring of, and planning for, the impact of new legislation and regulations; and
- Collaborative engagement with external stakeholders.

Maintaining an order book

Principal risk: a general market or sector downturn materially and adversely affects the Company's ability to secure work - UK Government spending, certainty and timing, including competitiveness of current market.

The Company's strategy sets out specific sectors that it wishes to trade within. The pipeline of work could be adversely affected by a general or sector downturn or cause a delay to projects going to site.

The Kier Group manages the impact of an economic downturn by building a strong order book. It concentrates on sectors with long-term frameworks and customers who prefer repeat procurement.

Potential impact:

- A failure of one or more of the Company's businesses;
- Increased competition for new work; and
- A decrease in stakeholder confidence in the Company.

Mitigating actions:

- Tailoring the Company's offer to meet customer needs; and
- Maintaining an efficient cost base.

Kier Education Services Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Contract management

Principal risk: failure to manage contracts effectively at each stage of a project's lifecycle. The business suffers a significant loss as a result of failing to follow the contract administration.

We start by ensuring we agree appropriate risk sharing with our clients and that this is adequately reflected in our contracts.

The Company has a large number of contracts in progress at any one time. Changes to contracts may lead to additional costs being incurred, delays and delayed receipt of cash.

Potential impact:

- A failure to manage project delivery and WIP and, ultimately, to meet the Company's financial targets;
- The Company incurring losses on individual contracts; and
- The Company failing to win new work because of reputational damage.

Mitigating actions:

- Tender peer review through the Kier Group Tender Risk Committee;
- Kier standards for contract amendments;
- Commercial Handbook explains how we manage change; and
- In built escalation to identify unacceptable levels of unagreed change.

People

Principal risk: failure to attract and retain key employees.

The Company's employees are critical to its performance. The Company needs to identify, retain and motivate people with the right skills, experience and behaviours and to identify tomorrow's leaders.

Potential impact:

- An adverse effect on the delivery of the Company's purpose and strategy;
- A lack of operational leadership, potentially leading to poor project performance; and
- An erosion of the Company's employer brand.

Mitigating actions:

- People strategy aligned to the medium term business plan;
- Diversity and Inclusion roadmap;
- Health, safety and wellbeing strategy;
- New leadership development offer;
- Listening to feedback from employees, including the use of engagement surveys; and
- Create an effective, inclusive work environment, through our Performance Excellence culture.

Supply chain

Principal risk: failure to maintain effective working relationships with the supply chain, supply chain insolvencies, capacity, pricing and inflation volatility.

The Company relies upon its partners for the delivery of its projects. Maintaining a close working relationship is a priority for the Company.

Potential impact:

- Unavailability of appropriate resources, impacting on project delivery and cost;
- Use of suppliers from outside the preferred supplier list increases cost and decreases quality; and
- Poor relationships lead to lack of confidence in the Company and adverse publicity.

Kier Education Services Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Mitigating actions:

- We are updating the Kier subcontract to reflect the principles of the Construction Playbook;
- Place a Procurement Director directly into each business to deliver their supply chain management strategy; and
- Continue to meet prompt payment reporting requirements.

Strategy

Principal risk: Failure to deliver the Company's strategy.

The Company fails to deliver its strategy in terms of medium-term strategic objectives.

Potential impact:

- An adverse impact on the Company's net debt and liquidity;
- Failure to secure positions on national and regional frameworks; and
- Failure to meet stakeholders' expectations may lead to a decline in confidence in the Company.

Mitigating actions:

- Delivery of the balance sheet strategy;
- Delivery of our Performance Excellence culture;
- Continued focus on cash management; and
- Effective communication with stakeholders.

Cyber, IT security and data protection

Principal risk: The Company is exposed to cyber, IT security or data protection breaches.

Failure to keep up to date with modern attack landscape as well as protecting infrastructure from current conventional cyber/loss of data risks could cause outages, heavy reputational damage or financial fines.

Potential impact:

- Operational impact - e.g. delivery of projects, key systems outage, failure to win work, loss of confidential and/or other data;
- Financial impact - regulatory fines/prosecutions; and
- Reputational/brand damage.

Mitigating actions:

- Mandatory training and awareness for all staff;
- Vulnerabilities, access and incident management;
- ISO 27001 and cyber essentials accreditation;
- Information security cyber business continuity plan, system alerts, patching/updates and monitoring;
- Data loss prevention tools;
- Partner/suppliers follow Kier Group minimum standards re cyber, security and data; and
- Investment in IT infrastructure.

Kier Education Services Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Climate change

Principal risk: Failure to identify and effectively manage climate change risks and opportunities.

The Company's operations are subject to physical and transition climate change risks. Whilst some climate resilience measures offer opportunities to innovate and expand/enhance capabilities.

Potential impact:

- Failure to meet client and investor expectations or regulatory requirements;
- Loss of opportunity to contribute to UK climate action policy and direction;
- Reputational damage; and
- Failure to prepare/plan for physical and financial impacts of more extreme and frequent weather conditions affecting operations and supply chain.

Mitigating actions:

- Implementing and delivering against the Kier Group's sustainability framework, 'Building for a Sustainable World.' With a focus on reviewing the next three years of the framework, particularly:
- Implementing each business stream's pathway to Net Zero Carbon. To ensure delivery of the Kier Group's overall pathway to Net Zero Carbon in line with Science-Based Targets
- Delivery against short, medium and long-term Zero Avoidable Waste Targets
- Implementation of our Sustainable Procurement strategy
- Maintain the Sustainability Leadership Forum ('SLF'); chaired by the Kier Group's Chief Executive and supported by our business stream SLFs that are led by a managing director or commercial director;
- Maintain the climate risk and opportunities register and net zero management system, to align with TCFD reporting and managing the financial risk of climate change;
- Embrace modern methods of construction and product innovation to deliver low-carbon solutions for climate resilience; and
- Work with our supply chain to help deliver our strategic objectives against waste, packaging, carbon and innovation.

Macroeconomic

Principal risk: Changes in macroeconomic conditions negatively impact on the Company, its workforce and its clients.

Examples may include political instability, rises in interest rates, energy prices and inflation/cost of living.

Potential impact:

- Reduced revenue or margins;
- Project affordability;
- Availability of labour and materials; and
- Increased supply chain insolvency risk.

Mitigating actions:

- Various market insight and intelligence relating to pricing and lead times;
- Kier risk management framework;
- Supply chain management;
- Kier Operating Framework and Performance Excellence processes;
- Kier Commercial Standards; and
- Use of financial derivative instruments to hedge exposure to fluctuations in interest and exchange rates.

Kier Education Services Limited

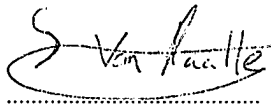
Strategic Report for the Year Ended 30 June 2022 (continued)

Emerging risks and opportunities

The Company has identified the following as principal, emerging risks and opportunities:

- Global Recession - stagflation, energy prices, cost of living and interest rates are all contributing factors to what could pose a global recession risk.
- Climate change - opportunities arising through ESG and remedial works in relation to energy efficiency (for example electric charging points), modern methods of construction and other opportunities regarding construction.

Approved by the Board on 20 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Van Raalte', written over a horizontal dotted line.

.....
Steven Van Raalte
Director

Kier Education Services Limited

Directors' Report for the Year Ended 30 June 2022

The directors of Kier Education Services Limited (the "Company") present their report and the audited financial statements for the year ended 30 June 2022.

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:

Steven Van Raalte (appointed 16 November 2022)

Jayne Hettle

Peter Seddon (alternate director)

Clive Thomas (resigned 16 November 2022)

Dividends

No interim or final dividends were declared or paid in the financial year ended 30 June 2022. There were also no interim or final dividends declared or paid in the previous financial year ended 30 June 2021.

Review of the business and future developments

Information on the review of the business and future developments of the Company can be found in the Strategic Report.

Financial instruments

Objectives and policies

The Company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate and cash flow risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the company's finance department.

Kier Education Services Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Price risk, credit risk, liquidity risk and cash flow risk

Price risk:

The Company is exposed to commodity price risk as a result of its operations. Price risk is managed through the project development process and the supply chain.

The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk:

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Cash and deposits are held with financial institutions whose majority shareholder is the UK government; the Company's directors are of the opinion that the credit risk is not significant.

Liquidity risk:

The Company maintains an appropriate level of finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

Interest rate and cash flow risk:

The Company has both non-interest bearing assets and non-interest bearing liabilities.

Engagement with suppliers, customers and others

Information on the Group's engagement with suppliers, customers and others during the financial year can be found on pages 32 to 35, 65 and 90 of the 2022 Annual Report of Kier Group plc (available at www.kier.co.uk).

Going concern

The directors are confident about the future trading prospects of the Company due to its ongoing contracts and market opportunities. The directors have prepared detailed budgets and forecasts that show this income stream should allow the company to repay its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The directors have received letters of support from the company's parent Kier Group plc which states their commitment to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the signing of these financial statements.

Having taken all of the above factors into consideration, the Directors have concluded that the Company should continue to adopt the going concern basis in preparing these financial statements.

Kier Education Services Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the 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.

Directors' liability insurance

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.

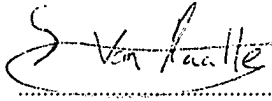
Kier Education Services Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Reappointment of independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Approved by the Board on 20 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Van Raalte', written over a dotted line.

Steven Van Raalte
Director

Kier Education Services Limited

Independent Auditors' Report to the Members of Kier Education Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kier Education Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 June 2022; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Kier Education Services Limited

Independent Auditors' Report to the Members of Kier Education Services Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Kier Education Services Limited

Independent Auditors' Report to the Members of Kier Education Services Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK pensions and employment legislation, data protection legislation, the Health and Safety Executive legislation and equivalent local laws, anti-bribery and corruption legislation, and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and taxation legislation.. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of financial statement line items through manual journal postings and management bias in accounting estimates, including long-term contracting accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, Internal Audit and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of Board meeting minutes and assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Challenging assumptions and judgements made by management in relation to areas of judgement and significant accounting estimates;
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, unusual words and unusual users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Kier Education Services Limited

Independent Auditors' Report to the Members of Kier Education Services Limited (continued)

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



.....
Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 December 2022

Kier Education Services Limited

Income Statement for the Year Ended 30 June 2022

		Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
	Note		
Revenue	4	1,345	584
Cost of sales	4	<u>347</u>	<u>423</u>
Gross profit		1,692	1,007
Other operating income	5	<u>-</u>	<u>1</u>
Operating profit		1,692	1,008
Finance income	6	<u>457</u>	<u>439</u>
Profit before taxation		2,149	1,447
Income tax expense	10	<u>(101)</u>	<u>(274)</u>
Profit for the financial year		<u><u>2,048</u></u>	<u><u>1,173</u></u>

The above results were derived from continuing operations.

The notes on pages 21 to 33 form an integral part of these financial statements.

Kier Education Services Limited

Statement of Comprehensive Income for the Year Ended 30 June 2022

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Profit for the financial year	<u>2,048</u>	<u>1,173</u>
Total comprehensive income for the year	<u><u>2,048</u></u>	<u><u>1,173</u></u>

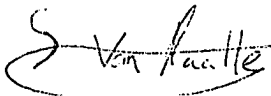
Kier Education Services Limited

(Registration number: 05457729)

Statement of Financial Position as at 30 June 2022

	Note	30 June 2022 £ 000	30 June 2021 £ 000
Current assets			
Trade and other receivables	11	35	290
Cash and cash equivalents	12	11,221	11,237
Contract assets	4	181	41
Deferred tax assets		2	3
		<u>11,439</u>	<u>11,571</u>
Current liabilities			
Trade and other payables	13	(389)	(310)
Contract liabilities	4	-	(1,790)
Income tax liability		(683)	(1,152)
		<u>(1,072)</u>	<u>(3,252)</u>
Net assets		<u>10,367</u>	<u>8,319</u>
Equity			
Called up share capital	15	-	-
Retained earnings		<u>10,367</u>	<u>8,319</u>
Total equity		<u>10,367</u>	<u>8,319</u>

The financial statements on pages 17 to 33 were approved by the Board of Directors on ...20 December 2022.....
and signed on its behalf by:



Steven Van Raalte
Director

The notes on pages 21 to 33 form an integral part of these financial statements.

Kier Education Services Limited

Statement of Changes in Equity for the Year Ended 30 June 2022

	Retained earnings £ 000
At 1 July 2021	8,319
Profit for the financial year	<u>2,048</u>
Total comprehensive income	<u>2,048</u>
At 30 June 2022	<u><u>10,367</u></u>

	Retained earnings £ 000
At 1 July 2020	7,146
Profit for the financial year	<u>1,173</u>
Total comprehensive income	<u>1,173</u>
At 30 June 2021	<u><u>8,319</u></u>

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

1 General information

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England.

The address of its registered office is:

2nd Floor
Optimum House
Clippers Quay
Salford
M50 3XP

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 were prepared in accordance with Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework and the Companies Act 2006.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The presentational currency used is GB Pound Sterling and figures are quoted to the nearest £1,000.

Going concern

The directors are confident about the future trading prospects of the Company due to its ongoing contracts and market opportunities. The directors have prepared detailed budgets and forecasts that show this income stream should allow the company to repay its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The directors have received letters of support from the company's parent Kier Group plc which states their commitment to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the signing of these financial statements.

Having taken all of the above factors into consideration, the Directors have concluded that the Company should continue to adopt the going concern basis in preparing these financial statements.

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payment, business combinations, non-current assets held for sale, financial instruments, fair value measurements, capital management, revenue from contracts with customers, presentation of comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment property, presentation of a cash-flow statement, the effects of new standards not yet effective, impairment of assets and disclosures in respect of the compensation of key management personnel and of transactions with a management entity that provides key management personnel services to the company.

Changes in accounting policy

The following amendments to standards are effective for the financial year ended 30 June 2022 onwards:

- Amendments to IFRS 4, IFRS 7, IFRS 9 and IFRS 16 - interest rate benchmark reform - Phase 2;
- Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9; and
- Amendments to IFRS 16 Leases - COVID-19 related rent concessions - extension of the practical expedient.

None of the above amendments to standards have had a material effect on the financial statements.

Revenue and profit recognition

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts. It also includes the Company's proportion of work carried out under jointly controlled operations.

The general principles for revenue and profit recognition across the Company are as follows:

- Provision is made for any unavoidable future net losses arising from contract obligations, as soon as they become apparent;
- Additional consideration for contract modifications (variations) is only included in revenue (or the forecast contract out-turn) if the scope of the modification has been approved by the customer. If the scope of the modification has been approved but the parties have not yet determined the corresponding change in the contract price, an estimate of the change to the transaction price is made and included in calculating revenue to the extent that any increase in price is highly probable not to reverse;
- Contract modifications are treated as separate contracts if the scope of the contract increases because of the addition of promised goods or services that are distinct, and the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the particular circumstances of the particular contract;
- Variable consideration amounts (gain-share amounts, KPI bonuses, milestone bonuses, compensation event claims, etc.) are included in revenue (or forecasts to completion) only to the extent that it is highly probable that a significant reversal of the amount in cumulative revenue recognised will not occur;
- Refund liabilities (liquidated damages, pain-share amounts, KPI penalties, etc.) are accounted for as a reduction in revenue (or in forecasting contract out-turns) as soon as it is expected that the Company will be required to refund some or all of the consideration it has received from the customer;
- Where revenue that has been recognised is subsequently determined not to be recoverable due to the inability of a customer to meet its obligations, these amounts are charged to administrative expenses as a credit loss;
- Claims against third-parties (such as insurance recoveries and claims for cost reimbursements) outside of normal supplier price adjustments are recognised only when the realisation of income is virtually certain. The associated income is accounted for as reduction in costs rather than revenue; and

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

- Contract mobilisation is not considered to be a separate performance obligation in most situations, as the customer receives little or no benefit from mobilisation activities. Any consideration received from the customer in relation to the mobilisation phase of a contract is deferred and recognised as additional revenue relating to the performance obligations in the contract that benefit the customer.

Revenue and profit recognition (continued)

If the timing of payments agreed with the customer provides the Company or the customer with a significant benefit of financing the transfer of goods or services, the amount of consideration is adjusted for the effects of the time value of money. The Company does not make an adjustment for the time value of money in the following circumstances:

- When the Company expects, at contract inception, that the period between the entity transferring a good or service and the customer paying for it will be one year or less; or
- Where the timing of the payments is for commercial rather than financing reasons, e.g. construction contract retentions.

Revenue and profit recognition policies applied to specific businesses are as follows:

(a) Construction contracts

Revenue is recognised on construction services over time as the benefit is transferred to the customer. The Company uses an input method to measure progress. The percentage of completion is measured using cost incurred to date as a proportion of the estimated full costs of completing the contract and is applied to the total expected contract revenue to determine the revenue to be recognised to date.

The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract. Consistent contract review procedures are in place in respect of contract forecasting.

(b) Services

Revenue and profit from services rendered, which include facilities management, is recognised over time as the service is performed.

Where the contract includes bundled services, the transaction price is allocated to each performance obligation identified in the contract based on the relative stand-alone selling prices of each of the performance obligations. Revenue is then recognised independently when each of the performance obligations is satisfied.

Any variable consideration (e.g. performance bonus) attributable to a single performance obligation is allocated entirely to that performance obligation. Where variable consideration is attributable to the entire contract and is not specific to part of the contract, the consideration is allocated based on the stand-alone selling prices of each of the performance obligations within the contract.

Service contracts are reviewed monthly to assess their future operational performance and profitability.

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Finance income and costs policy

Interest receivable and payable on bank balances, intercompany loans and other borrowings is credited or charged to the income statement as incurred using the effective interest rate method.

Borrowing costs are capitalised where the Company constructs qualifying assets. All other borrowing costs are written off to the income statement as incurred.

Notional interest payable, representing the unwinding of the discount on long-term liabilities, is charged to finance costs.

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.

Contract assets and liabilities

When the Company transfers goods or services to a customer before the customer pays consideration or before payment is due, the amount of revenue associated with the transfer of goods or services is accrued and presented as a contract asset in the balance sheet (excluding any amounts presented as a receivable). A contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer.

If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the amount is presented as a contract liability on the balance sheet. A contract liability represents the Company's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

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.

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial instruments

The principal financial assets and liabilities of the Company are as follows:

(a) Trade receivables and trade payables

The Company has allocated receivables and payables due within 12 months of the balance sheet date to current with the remainder included in non-current.

A trade receivable is recognised when the Company has a right to consideration that is unconditional (subject only to the passage of time before payment is due). Trade receivables do not carry interest and are stated at their initial cost reduced by appropriate allowances for expected credit losses.

Trade payables on normal terms are not interest bearing and are stated at their nominal value.

(b) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, including bank deposits with original maturities of three months or less, net of bank overdrafts where legal right of set off exists. Bank overdrafts are included within financial liabilities in current liabilities in the balance sheet.

3 Critical accounting judgements and key sources of estimation uncertainty

To be able to prepare financial statements according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

Areas requiring estimates that may significantly impact on the Company's earnings and financial position are as follows:

Impairment of trade and other receivables

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Revenue and profit recognition

The estimation techniques used for revenue and profit recognition in respect of long-term contracts require forecast to be made relating to costs to complete based on scope of work and duration of contracts. Each contract is treated on its merits and subject to a regular review of the revenue and costs to complete.

4 Revenue

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

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Rendering of services	<u>1,345</u>	<u>584</u>

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

Current assets and liabilities

	30 June 2022 £ 000	30 June 2021 £ 000
Contract assets	181	41
Contract liabilities	<u>-</u>	<u>(1,790)</u>
Net unbilled contract assets/(liabilities)	<u>181</u>	<u>(1,749)</u>

Costs of sale

Liquidated damages received from the contractor in relation to the Tiger and Nile projects have been received in year and recognised as a negative cost of sale £655,000. In 2021 aged liability balances mainly related to the Facilities Management Services business, which transferred back to London Borough of Hackney in January 2020, were released. The assessment of outstanding balances based on information available in the year concluded they were no longer required. The total impact was a credit of £835,000 to the P&L in 2021.

5 Other operating income

The analysis of the Company's other operating income for the year is as follows:

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

5 Other operating income (continued)

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Government grants	<u>-</u>	<u>1</u>

6 Finance income

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Interest receivable on Treasury bank deposits (interco interest)	<u>457</u>	<u>439</u>

7 Staff costs

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

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Wages and salaries	254	84
Social security costs	21	22
Other pension costs	<u>24</u>	<u>20</u>
	<u>299</u>	<u>126</u>

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

	Year ended 30 June 2022 No.	Year ended 30 June 2021 No.
Operations	2	2
Management and administration	<u>4</u>	<u>5</u>
	<u>6</u>	<u>7</u>

The employment costs above include those of employees providing management services to other group companies, as well as staff seconded to other group companies. These are recharged to those business entities.

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

8 Directors' remuneration

The directors did not receive any remuneration from the Company for their services during the financial year (year ended 30 June 2021: £Nil). There were no directors accruing benefits under the defined contribution scheme during the financial year (year ended 30 June 2021 £Nil). The remuneration of the directors is paid by other group companies which make no recharge to the company.

9 Auditors' remuneration

The auditors' remuneration for the Company for the year was settled on its behalf by Kier Limited (a member of the Kier Group) and was not recharged to the Company.

10 Income tax expense

Tax expense in the income statement

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Current taxation		
UK corporation tax	408	275
UK corporation tax adjustment to prior periods	(307)	-
	<u>101</u>	<u>275</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	-	(1)
Tax expense in the income statement	<u>101</u>	<u>274</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

10 Income tax expense (continued)

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Profit before tax	2,149	1,447
Corporation tax at standard rate	408	275
Decrease in current tax from adjustment for prior periods	(307)	-
Decrease in current tax from unrecognised temporary difference from a prior period	-	(1)
Total tax charge	101	274

The deferred tax balance as at the year end has been recognised at 19% (2021: 19%).

Deferred tax

Deferred tax assets

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Other items	2	-	2
	2	-	2
2021			
Other items	3	-	3
	3	-	3

Deferred tax movement during the year:

	At 1 July 2021 £ 000	Recognised in income £ 000	At 30 June 2022 £ 000
Other items	3	(1)	2
	3	(1)	2

Deferred tax movement during the prior year:

	At 1 July 2020 £ 000	Recognised in income £ 000	At 30 June 2021 £ 000
Other items	-	3	3
	-	3	3

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11 Trade and other receivables

	30 June 2022 £ 000	30 June 2021 £ 000
Current		
Amounts due from group undertakings	30	178
Other receivables	5	112
	<u>35</u>	<u>290</u>

Other receivables represent interest receivable on bank balances.

Amounts due from group undertakings are unsecured, interest free and repayable on demand. Trade receivables are stated after provisions for impairment of £Nil (2021: £Nil).

12 Cash and cash equivalents

	30 June 2022 £ 000	30 June 2021 £ 000
Cash at bank	<u>11,221</u>	<u>11,237</u>

13 Trade and other payables

	30 June 2022 £ 000	30 June 2021 £ 000
Current		
Trade payables	20	37
Accrued expenses	13	150
Amounts owed to group undertakings	225	31
Other payables	<u>131</u>	<u>92</u>
Total current trade and other payables	<u>389</u>	<u>310</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £24,000 (2021 - £20,000)

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 Called up share capital

Allotted, called up and fully paid shares

	No.	2022 £ 000	No.	2021 £ 000
B Ordinary shares of £1 each	1	-	1	-
M Ordinary shares of £1 each	1	-	1	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The 'B' and 'M' ordinary shares rank pari-passu in respect of voting, dividend and capital distribution rights, except that:

- (i) no B Shares or Unclassified Shares shall confer any right to vote upon a resolution for the removal from office of an M Director;
- (ii) no M Shares or Unclassified Shares shall confer any right to vote upon a resolution for the removal from office of a B Director; and
- (iii) no B Shares or M Shares shall confer any right to vote upon a resolution for the removal of a Director appointed by the holders of Unclassified Shares.

16 Related party transactions

The Company is applying FRS 101 and is therefore taking advantage of the exemption from the requirements within IAS 24 to disclose related party transactions entered into between two or more members of a group, where any subsidiary which is party to the transaction is wholly owned by such a member.

Summary of transactions with other related parties

During the current year and prior year the Company entered into transactions in the ordinary course of business with Hackney Schools for the Future Limited (an entity jointly controlled by the Kier Group) and Hackney Schools for the future 2 Limited (10% owed by Hackney Schools for the future Limited).

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

16 Related party transactions (continued)

Income and receivables from related parties

	Other related parties £ 000
2022	
Receipt of services	1,345
Amounts receivable from related party	30
	Other related parties £ 000
2021	
Receipt of services	584
Amounts receivable from related party	173

Expenditure with and payables to related parties

	Entities with joint control or significant influence £ 000	Other related parties £ 000
2022		
Rendering of services	-	-
Amounts payable to related party	168	-

17 Parent and ultimate parent undertaking

The Company's immediate parent is Kier Holdings Limited.

The ultimate parent is Kier Group plc.

The most senior parent entity producing publicly available financial statements is Kier Group plc. These financial statements are available upon request from Companies House and at www.kier.co.uk.

The ultimate controlling party is Kier Group plc.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Kier Group plc, incorporated in England and Wales.

The address of Kier Group plc is:

2nd Floor
Optimum House
Clippers Quay
Salford
M50 3XP

More information about Kier Group plc can be found at www.kier.co.uk.

Kier Education Services Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

17 Parent and ultimate parent undertaking (continued)

The parent of the smallest group in which these financial statements are consolidated is Kier Group plc, incorporated in England and Wales.