Registration number: 05916368

MPHBS Limited

Annual Report and Financial Statements

for the Period from 1 April 2018 to 30 June 2019

MPHBS Limited

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MPHBS Limited

Company Information

Directors	C Thomas M Whittaker
Registered office	81 Fountain Street Manchester M2 2EE
Independent Auditors	Pricewaterhousecoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

MPHBS Limited

Directors' Report for the Period from 1 April 2018 to 30 June 2019

The directors of MPHBS Limited (the "Company") present their report and the audited financial statements for the period from 1 April 2018 to 30 June 2019.

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

These financial statements cover the extended period 1 April 2018 to 30 June 2019, bringing the end date in to line with the Kier Group.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies. The directors have also taken exemption under section 414B of the Companies Act 2006 from preparing a strategic report.

Directors of the Company

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

L Howard (appointed 3 July 2018 and resigned 1 October 2019)

P B Slater (resigned 3 July 2018)

J M Williams (resigned 3 July 2018)

C Thomas (appointed 1 October 2019)

M Whittaker (appointed 24 January 2020)

D Mawson (appointed 1 October 2019 and resigned 20 December 2019)

L P Thomas (appointed 16 July 2019 and resigned 1 October 2019)

Principal activity

The principal activity of the Company is that of a holding company within the Kier Group.

Business review

Fair review of the business

The Company's only activity was as a holding company for the Kier Group's investment in The Unity Partnership Limited ("Unity"), a joint venture with Oldham Metropolitan Borough Council ("OMBC"). On 2 July 2018 the Company sold its shares in Unity to OMBC.

Given the nature of the Company's activities the Director believes there are no appropriate or relevant KPIs for the business and accordingly none are presented.

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.

The principal risks and uncertainties of Kier Group plc, which include those of the Company, are disclosed on pages 32 to 37 of Kier Group plc's annual report for the year ended 30 June 2019.

Financial instruments

Objectives and policies

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Kier Group and are not managed separately. These risks are disclosed in the Kier Group annual report for the year ended 30 June 2019.

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

The Company does not trade or have any interest bearing intercompany loans therefore its exposure to foreign currency risk, interest rate risk and price risk are very low.

The credit risk is also relatively low as the large receivables balance is due from another group company which is owned 100% by the ultimate parent company.

The Company's policy on liquidity risk is supported by the Group's policy on liquidity risk. The Group's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund operations without the need to carry significant net debt over the medium term. The Group's principal borrowing facilities are provided by a Group of relationship banks in the form of unsecured committed borrowing facilities.

The amount of committed borrowing facilities available to the Group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

Going concern

The Directors are required to consider the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

In the period after the balance sheet date and before the signing of these accounts, the Company's performance, along with the entire Kier Group's performance, was adversely affected by the effects of the COVID-19 pandemic. Although the Group's sites remained open through this period, with a number of decisive management actions taken to mitigate against the majority of the effect of the pandemic, COVID-19 has adversely affected the Group's revenue and resulted in it incurring additional costs. This has resulted in a lower level of profitability for the 2020 financial year and an increase in the Group's net debt position.

Going concern (continued)

At 30 June 2020, the Group had £892m of unsecured committed facilities, £20m of uncommitted overdrafts and £125m drawn against uncommitted supply chain financing facilities. In order to provide financial flexibility for the Group following COVID-19, the Group:

› Agreed waivers with its lenders in respect of the financial covenants within the Group's principal debt facilities for the test period ended 30 June 2020;
› Has agreed revised financial covenants under its principal debt facilities which will apply for the going concern period;
› Agreed with HMRC a deferral of the payment of certain amounts in respect of VAT and PAYE until March and June 2021, respectively; and
› Has agreed with its pension trustees a material reduction in the scheme deficit repayments.

The current trading environment remains uncertain, principally due to the potential impact of COVID-19, which makes forecasting challenging.

The Directors of the Kier Group have reviewed the Group's short-term cash flow forecasts to 31 December 2021 (the going concern period), which have been prepared using certain key assumptions and include a number of stressed, but plausible, downside scenarios. These scenarios include a consideration of the risks which may arise to the Group's available liquidity and its ongoing compliance with the revised financial covenants within the Group's principal debt facilities as a result of or in light of the following factors or circumstances:

› The availability of supply-chain finance;
› Potential reductions in trading volumes;
› Potential margin erosion,
› Risks in respect of certain specific projects;
› The Group's ability to conclude its cost reduction plan as forecast; and
› The completion of the sale of Kier Living, following the delay in the sale process which was due, in particular, to COVID-19.

The impact that a second wave of COVID-19 would have on the Group's cashflows, using the financial impact of the initial outbreak as the basis of the assessment, was also considered.

The Kier Group Board also considered the macroeconomic and political risks affecting the UK economy, including Brexit. Brexit has the potential to disrupt the Group's operations, particularly in relation to materials, people and the supply-chain. The Group has established a 'Brexit task force' and has in place business continuity plans to mitigate the risks associated with Brexit. The Board noted that the Group's forecasts are underpinned by a significant proportion of revenue that is either secured or considered probable, often as part of long-term framework agreements, and that the Group operates primarily in sectors such as health, education and utilities, which are considered likely to remain largely unaffected by macro-economic factors. In addition, significant cost reduction actions have already been taken to improve the Group's profitability.

The Board considered the Group's ability to manage its working capital, in order to mitigate the potential impact on the Group's liquidity over the forecast period, in particular at the lowest point under the downside scenarios in the Spring of 2021, in the event of circumstances described above taking place. This, together with the agreements with the lenders and the pension trustees, and the other measures which have been taken during the year mean that the Group would be expected to continue to have available liquidity headroom under its existing finance facilities and operate within the revised financial covenants over the going concern period.

The Group Directors have committed to support the Company over a period of at least 12 months from the signing of the financial statements.

On the basis of the financial support made available from the Group, and the Group's ability to provide this support, the Board is satisfied that the Company has sufficient financial resources to continue to operate for a period of at least 12 months and therefore, it has adopted the going concern basis in preparing the Company's 2019 financial statements.

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.

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.

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 directors are 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.

Approved by the Board on 28 September 2020 and signed on its behalf by:

C Thomas
Director

MPHBS Limited

Statement of Directors' Responsibilities

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 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 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 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.

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.

Independent Auditors' Report to the Members of MPHBS Limited

Report on the audit of the financial statements

Opinion
In our opinion, MPHBS Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 2019; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the period 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
We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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.

Independent Auditors' Report to the Members of MPHBS 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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 30 June 2019 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 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 set out on page 6, 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.

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.

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.

Independent Auditors' Report to the Members of MPHBS Limited (continued)

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 received 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.

Diane Walmsley

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

Date: 29 September 2020

MPHBS Limited

Income Statement for the Period from 1 April 2018 to 30 June 2019

	Note	Period ended 30 June 2019 £	Year ended 31 March 2018 £
Revenue	4	-	696,773
Other gains	5	1,499,333	-
Operating profit		1,499,333	696,773
Profit before tax		1,499,333	696,773
Profit for the period		1,499,333	696,773

The above results were derived from continuing operations.

MPHBS Limited

Statement of Comprehensive Income for the Period from 1 April 2018 to 30 June 2019

	Period ended 30 June 2019 £	Year ended 31 March 2018 £
Profit for the period	1,499,333	696,773
Total comprehensive income for the period	1,499,333	696,773

The notes on pages 14 to 20 form an integral part of these financial statements.

MPHBS Limited

(Registration number: 05916368)
Statement of Financial Position as at 30 June 2019

	Note	30 June 2019 £	31 March 2018 £
Non-current assets			
Investments	9	-	667
Current assets			
Trade and other receivables	10	2,433,167	933,167
Total assets		2,433,167	933,834
Current liabilities			
Trade and other payables	11	(167)	(167)
Net assets		2,433,000	933,667
Equity			
Share capital	12	1,000	1,000
Retained earnings		2,432,000	932,667
Total equity		2,433,000	933,667

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 10 to 20 were approved by the Board of Directors on 28 September 2020 and signed on its behalf by:

C Thomas
Director

MPHBS Limited

Statement of Changes in Equity for the Period from 1 April 2018 to 30 June 2019

	Share capital £	Retained earnings £	Total £
At 1 April 2017	1,000	235,894	236,894
Profit for the period	-	696,773	696,773
Total comprehensive income	-	696,773	696,773
At 31 March 2018	1,000	932,667	933,667

	Share capital £	Retained earnings £	Total £
At 1 April 2018	1,000	932,667	933,667
Profit for the period	-	1,499,333	1,499,333
Total comprehensive income	-	1,499,333	1,499,333
At 30 June 2019	1,000	2,432,000	2,433,000

The notes on pages 14 to 20 form an integral part of these financial statements.

MPHBS Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 30 June 2019

1 General information

The Company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:
81 Fountain Street
Manchester
M2 2EE

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 periods presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006.

Summary of disclosure exemptions
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101:
IAS 7: Complete exemption from preparing a cash flow statement and related notes;
IFRS 2: Exemption from certain disclosures in respect of share based payments for arrangements involving equity instruments of another Group entity;
IAS 8: The listing of new or revised standards that have not been adopted (and information about their likely impact) has been omitted;
IAS 36: Exemption from disclosures for each cash generating unit which contains goodwill, in particular in relation to assumptions and sensitivities;
IFRS 7: Complete exemption from all of the disclosure requirements of IFRS 7, Financial Instruments, other than for those instruments where these disclosures are still required to comply with the law;
IFRS 13: Complete exemption from all of the disclosure requirements of IFRS 13, Fair value measurement;
IAS 24: Exemption from disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member;
IAS 24: Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity;
IAS 1: Exemption from comparatives for movements on property, plant & equipment, intangible assets and share capital; and
IFRS 15: Exemption from certain disclosures in respect of revenue from contracts with customers.

2 Accounting policies (continued)

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the Company's ultimate parent company, Kier Group plc. The directors have received a letter from the directors of Kier Group plc, pledging support to allow the Company to meets its obligations.

Further details on the Company's going concern assessment are included in the Directors' Report on page 3.

Changes in accounting policy

The following new standards, amendments to standards and interpretations are effective for the financial year ended 30 June 2019 onwards:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- Amendments to IFRS 2 'Share-based Payments'
- Amendments to IFRS 4 'Insurance Contracts'
- Amendments to IAS 40 'Investment Property'
- Annual Improvements to 2014-2016 cycle
- IFRS 1 and IAS 28 amendments
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

None of the above new standards, amendments to standards or interpretations 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.

Where revenue that has been recognised is subsequently determined not to be recoverable due to a dispute with the customer, these amounts are accounted for as a reduction in revenue. Where non-recovery is as a result of inability of a customer to meet its obligations, these amounts are charged to administrative expenses as a credit loss.

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.

2 Accounting policies (continued)

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or 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.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables as calculated using an appropriate expected credit loss model.

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.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

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

Carrying value of investments

Investments held as fixed assets are held at deemed cost less impairment. At the end of each accounting period, investments are reviewed by assessing the present value of the future cash flows generated from investments held. The amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment of receivables

The Company makes an estimate of the recoverable value of receivables. When assessing impairment of receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See the trade and other receivables note to the financial statements for the net carrying amount of the receivables.

In preparing the financial statements the directors do not believe there to be any significant judgements that would affect the application of policies and reporting amounts of assets and liabilities, income and expenses.

4 Revenue

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

	Period ended 30 June 2019 £	Year ended 31 March 2018 £
Dividends received	-	696,773

5 Other gains and losses

The analysis of the Company's other gains and losses for the period is as follows:

	Period ended 30 June 2019 £	Year ended 31 March 2018 £
Gain on disposal of investments	1,499,333	-

On 2 July 2018 the Company disposed of its interest in The Unity Partnership Limited ('Unity').

6 Directors' remuneration

The directors did not receive any emoluments in respect of services to the Company (year ended 31 March 2018: £Nil) and are remunerated by other Group companies.

It is not practical for the directors to allocate their remuneration between the companies they work for.

7 Auditors' remuneration

All fees due for the audit of these financial statements will be borne by a fellow Group Company.

8 Income tax

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (year ended 31 March 2018 - lower than the standard rate of corporation tax in the UK) of 19% (year ended 31 March 2018 - 19%).

The differences are reconciled below:

	Period ended 30 June 2019 £	Year ended 31 March 2018 £
Profit before tax	1,499,333	696,773
Corporation tax at standard rate	284,873	132,387
Decrease from effect of revenues exempt from taxation	(285,000)	(132,387)
Increase from effect of expenses not deductible in determining taxable profit / tax loss	127	-
Total tax charge/(credit)	-	-

9 Investments

Subsidiaries	£
Cost or valuation	
At 1 April 2018	667
Disposals	(667)
At 30 June 2019	-
Provision	
Carrying amount	
At 30 June 2019	-
At 31 March 2018	667

On 2 July 2018 the Company disposed of its interest in The Unity Partnership Limited ('Unity').

10 Trade and other receivables

	30 June 2019 £	31 March 2018 £
Receivables from related parties	2,433,167	933,167

10 Trade and other receivables (continued)

Amounts due from related parties within current receivables are unsecured, repayable on demand and non-interest bearing.

11 Trade and other payables

	30 June 2019	31 March 2018
Current	**£**	**£**
Amounts due to related parties	167	167

Amounts due to related parties within current payables are unsecured, repayable on demand and non-interest bearing.

12 Share capital

Allotted, called up and fully paid shares

	30 June 2019		31 March 2018	
	No.	£	No.	£
Ordinary Shares of £1 each	1,000	1,000	1,000	1,000

13 Parent and ultimate parent undertaking

The Company's immediate parent is Kier Holdings Limited and Kier Business Services Limited.

The ultimate parent is Kier Group plc. These financial statements are available upon request from 81 Fountain Street, Manchester, M2 2EE.

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:
81 Fountain Street
Manchester
M2 2EE

www.kier.co.uk

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

The address of Kier Limited is:
81 Fountain Street
Manchester
M2 2EE

14 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is Kier Group plc.

These financial statements are available upon request from 81 Fountain Street, Manchester, M2 2EE.

15 Impact of COVID-19 on the Financial Statements

Subsequent to the 30 June 2019 balance sheet date, the world has been impacted by a global pandemic.

This pandemic has had a significant impact on the Kier Group, both operationally and financially. Decisive management actions led to Kier implementing the following self-help measures:

› Temporarily closed all sites to ensure that we could operate safely. Through the application of Site Operating Procedures issued by the Construction Leadership Council we were able to keep about 80% of our sites open throughout the period. Currently all sites are now open.

› Asked c.6,500 employees to take a temporary pay reduction for the three months to 30 June 2020. These reductions depended on seniority and ranged between 7.5% to 25%.

› The Group furloughed c.2,000 employees through the period. As at 31 July 2020 there were none left on furlough.

› The Group also deferred various taxation payments during the period as allowed by the Government.

› All discretionary spend including capital expenditure was reduced to a minimum.

› The closure of the former headquarters at Tempsford Hall in Bedfordshire was brought forward to 30 April 2020 from the previously announced date of 30 June 2020.

› Through strong relationships with the members of our banking syndicate and other debt providers they all agreed waivers to the Group's financial covenants for the year ended 30 June 2020.

› Paused reducing utilisation of the Kier Early Payment Scheme ('KEPS').

The impact of COVID-19 was subsequent to the balance sheet date and has had no impact on the results of the Company for the year ended 30 June 2019. This includes making no adjustment to the expected credit losses in respect of the Company's receivables from related parties. We estimate that the increase in the Company's expected credit losses as a result of COVID-19 is approximately £200,000. Consideration as to the impact on the Company's going concern assumption has been given on page 3.

The Company anticipates that Kier Group plc will be able to provide financial support, if required, to enable the Company to meet its liabilities and obligations as and when they fall due, for a period of at least 12 months from the date of signing the financial statements.