

Registration number: 06391459

Kier Stoke Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2020



Kier Stoke Limited

Contents

	Page(s)
Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Statement of Directors' Responsibilities	7
Independent Auditors' Report	8 to 10
Income Statement	11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 23

Kier Stoke Limited

Company Information

Directors	Clive Thomas Surbjit Khela Mark Whittaker
Company secretary	Clive Thomas
Registered office	81 Fountain Street Manchester M2 2EE
Independent Auditors	PricewaterhouseCoopers LLP Statutory Auditors and Chartered Accountants 1 Embankment Place London WC2N 6RH

Kier Stoke Limited

Strategic Report for the Year Ended 30 June 2020

The directors present their strategic report for Kier Stoke Limited (the "Company") for the year ended 30 June 2020.

Principal activities, business review and future developments

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

The principal activity of the Company is the provision of housing maintenance services. The Company provided these services on behalf of the Council of the City of Stoke-on-Trent ("Stoke Council") under a partnering agreement which ended on 3 February 2018. The Company has ceased trading and does not plan to seek other opportunities in the foreseeable future. The Company will continue to settle its outstanding financial obligations as and when they fall due.

The results for the year are set out in the income statement on page 11.

Result before taxation for the financial year is £nil (2019: profit £250,000).

During the year, the Company paid an interim dividend of £nil (2019: £6,446,000). The dividend paid to each shareholder was calculated in accordance with the Shareholders Agreement dated 3 February 2008 and stated in the Agreement dated 3 December 2018.

The directors recommend that no further dividends be paid in respect of the financial year ended 30 June 2020.

The Company became a wholly owned subsidiary of Kier Services Limited ("KSL") following the acquisition by KSL of the 199 B Ordinary shares held by Stoke Council pursuant to an Agreement dated 3 December 2018 between KSL and Stoke Council. The Shareholders' Agreement between Kier Services Limited and Stoke-on-Trent City Council was terminated on the acquisition by KSL of the 199 B Ordinary Shares held by the Council.

The A Ordinary Shares and B Ordinary Shares of the Company were re-designated as Ordinary Shares on 30 April 2019.

Corporate responsibility

Please see the Sustainability section in the Kier Group plc 2020 Annual Report (pages 42 - 55 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 Stoke Limited

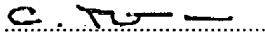
Strategic Report for the Year Ended 30 June 2020 (continued)

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, are consistent with the principal risks and uncertainties of the Kier Group plc group of companies (the "Group") and are not managed separately.

Accordingly, the principal risk and uncertainties of the Group, which include those of the Company, are disclosed on pages 60 to 63 and 161 to 162 of Kier Group plc's 2020 Annual report for the year ended 30 June 2020.

Approved by the Board on 16 February 2021 and signed on its behalf by:



Clive Thomas
Director

Kier Stoke Limited

Directors' Report for the Year Ended 30 June 2020

The directors of Kier Stoke Limited (the "Company") present their annual report and the audited financial statements for the year ended 30 June 2020.

Incorporation

The Company was incorporated on 5 October 2007 and commenced trading on 4 February 2008.

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:

Matthew Lockett (resigned 31 December 2019)

David Mawson (resigned 20 December 2019)

Clive Thomas

Surbjit Khela (appointed 29 January 2020)

Mark Whittaker (appointed 21 January 2020)

Principal activities

The principal activity of the Company is the provision of housing maintenance services. The Company provided these services on behalf of the Council of the City of Stoke-on-Trent ("Stoke Council") under a partnering agreement which ended on 3 February 2018. The Company has ceased trading and does not plan to seek other opportunities in the foreseeable future. The Company will continue to settle its outstanding financial obligations as and when they fall due.

Results and dividends

The result before taxation is £nil (2019: profit 250,000).

During the year, the Company paid an interim dividend of £nil (2019: £6,446,000). The dividend paid to each shareholder was calculated in accordance with the Shareholders Agreement dated 3 February 2008 and stated in the Agreement dated 3 December 2018. The 2019 dividend paid to KSL and Stoke was £5,109,000 and £1,337,000, respectively. The dividend paid to Stoke Council was in full and final settlement of Stoke Council's right to receive dividends from the Company.

The directors recommend that no further dividends be paid in respect of the financial year ended 30 June 2020.

For further details of the Company's performance refer to page 2 of the Strategic Report.

Future developments

The details of likely future developments in the Company's business are disclosed on page 2 of the Strategic Report.

Financial risk management

Details of the Company's financial risk management policies are disclosed on page 2 of the Strategic Report.

Kier Stoke Limited

Directors' Report for the Year Ended 30 June 2020 (continued)

Changes to the Company's Articles of Association

The A Ordinary Shares and B Ordinary Shares of the Company were re-designated as Ordinary Shares on 30 April 2019. The rights attached to Ordinary Shares are set out in Articles of Association of the Company that were amended by a special resolution of the Company passed on 30 April 2019.

The Ordinary Shares are non-redeemable and rank equally in terms of the rights to participate in all approved dividend distributions, voting rights and the rights to participate in any distribution of capital on winding up of the Company.

Change of interests in share capital

Kier Services Limited ("KSL") acquired the 199 B Ordinary shares held by the Council of the City of Stoke-on-Trent ("Stoke Council") pursuant to an agreement dated 3 December 2018 between KSL and Stoke Council.

Safety, health and environment

As a member of the Kier Group, the Company follows the Group's policies and procedures regarding safety, health and environment. The Kier Group Safety, Health and Environment ('SHE') committee continues to oversee the progress of the Group's behavioural change programme, which aims to embed good safety behaviours and further improve them safety culture within the Group.

The role of the SHE committee includes:

- (i) reviewing the Group's strategy with respect to SHE matters and challenging management to implement it;
- (ii) encouraging management's commitment and accountability with respect to managing the Group's SHE risks;
- (iii) reviewing and, as necessary, approving material Group-wide SHE initiatives, policies and procedures; and
- (iv) reviewing the Group's exposure to SHE risks and monitoring performance against SHE targets.

For further information on Kier Group's activities with regards to SHE matters, please see the Kier Group plc 2020 Annual Report (available at www.kier.co.uk).

Kier Stoke Limited

Directors' Report for the Year Ended 30 June 2020 (continued)

Going concern

The Company provided housing maintenance service on behalf of Stoke-on-Trent City Council under a 10 year joint venture contract which expired on 3 February 2018. Currently, there are no plans to dissolve the company or to seek new business opportunities.

The Company has net assets of £210,000, which comprises of £879,000 in cash. The financial statements have been prepared on a going concern basis as the company has adequate resources to continue to meet its obligations as and when they fall due for a period of at least 12 months from the date of signing these 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 Limited 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.

The Company and Kier Limited have also entered into qualifying third-party indemnity arrangements with each of their directors in a form and scope which comply with the Companies Act 2006. Each of these arrangements remain in force as at the date of this Annual Report and Financial Statements.

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 16 February 2021 and signed on its behalf by:



Clive Thomas
Director

Kier Stoke 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 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.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Kier Stoke Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kier Stoke Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its result for the year 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 2020; the income statement, the statement of comprehensive income, and 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

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.

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 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.

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 2020 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 set out on page 7, 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.

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.



Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 February 2021

Kier Stoke Limited

Income Statement for the Year Ended 30 June 2020

	Note	2020 £ 000	2019 £ 000
Revenue	3	-	154
Cost of sales		<u>-</u>	<u>109</u>
Gross result/ profit		-	263
Administrative expenses		<u>-</u>	<u>(13)</u>
Operating result/ profit		<u>-</u>	<u>250</u>
Result/Profit before taxation		-	250
Income tax expense	4	<u>-</u>	<u>(42)</u>
Result/Profit for the financial year		<u><u>-</u></u>	<u><u>208</u></u>

The above results were derived from continuing operations.

Kier Stoke Limited

Statement of Comprehensive Income for the Year Ended 30 June 2020

	2020	2019
	£ 000	£ 000
Result/Profit for the year	<u>-</u>	<u>208</u>
Total comprehensive income for the year	<u><u>-</u></u>	<u><u>208</u></u>

The notes on pages 15 to 23 form an integral part of these financial statements.

Kier Stoke Limited

(Registration number: 06391459)

Statement of Financial Position as at 30 June 2020

	Note	2020 £ 000	2019 £ 000
Current assets			
Trade and other receivables	5	-	4
Cash and cash equivalents	6	879	918
		<u>879</u>	<u>922</u>
Current liabilities			
Trade and other payables	7	(324)	(367)
Income tax liability		(345)	(345)
		<u>(669)</u>	<u>(712)</u>
Net assets		<u>210</u>	<u>210</u>
Equity			
Called up share capital	8	1	1
Retained earnings		209	209
Total equity		<u>210</u>	<u>210</u>

The financial statements on pages 11 to 23 were approved by the Board of Directors on 16 February 2021 and signed on its behalf by:



Clive Thomas
Director

Kier Stoke Limited

Statement of Changes in Equity for the Year Ended 30 June 2020

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2018	1	6,447	6,448
Profit for the year	-	208	208
Total comprehensive income	-	208	208
Dividends	-	(6,446)	(6,446)
At 30 June 2019	1	209	210

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2019	1	209	210
At 30 June 2020	1	209	210

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

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

United Kingdom

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 Reduced Disclosure Framework and the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention.

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;

IFRS 15: Exemption from certain disclosures in respect of revenue from contracts with customers; and

IFRS 16: Exemption from certain disclosures in respect of leases.

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Going concern

The Company provided housing maintenance service on behalf of Stoke-on-Trent City Council under a 10 year joint venture contract which expired on 3 February 2018. Currently, there are no plans to dissolve the company or to seek new business opportunities.

The Company has net assets of £210,000, which comprises of £879,000 in cash. The financial statements have been prepared on a going concern basis as the company has adequate resources to continue to meet its obligations as and when they fall due for a period of at least 12 months from the date of signing these financial statements.

Impact of new accounting standards

Changes in accounting policy

The following new standards, amendments to standards and interpretations are effective for the financial year ended 30 June 2020 onwards:

- IFRS 16 'Leases'
- Amendments to IFRS 9 'Financial Instruments' on prepayment features with negative compensation and modification of financial liabilities
- Amendments to IAS 19 'Employee Benefits' on plan amendment, curtailment or settlement
- Amendments to IAS 28 'Investments in Associates' on long term interests in associates and joint ventures
- Annual improvements 2015-2017 cycle
- IFRIC 23 'Uncertainty over income tax treatments'

None of the above amendments to standards or interpretations have had an effect on the financial statements.

Changes resulting from adoption of IFRS 16

IFRS 16 'Leases' became mandatorily effective on 1 January 2019. The Company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The adoption of IFRS 16 has had no material impact on the Company's financial statements.

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Revenue and profit recognition

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts.

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.

Revenue and profit from services rendered, which include utilities maintenance, street cleaning and recycling, 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. Variable consideration amounts 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.

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

In the prior years, the company recognised revenue when the amount of revenue could be reliably measured, it was probable that future economic benefits would flow to the entity and specific criteria had been met for each of the company's activities.

Tax

The tax expense 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.

Cash and cash equivalents

Cash and cash equivalents comprise of 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.

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

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.

On adoption of IFRS 9 from 1 July 2018, 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. To measure the expected credit losses, trade receivables and contract assets have been assessed both individually and grouped based on shared credit risk characteristics and the days past due. In the prior year, before adoption of IFRS 9, a provision for impairment of trade receivables was established when there was objective evidence that the company will not be able to collect amounts receivables.

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.

Dividends

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

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. An assessment of whether a financial asset is impaired is made at least at each reporting date.

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. Trade payables on extended terms, particularly in respect of land purchases, are discounted and recorded at their present value.

b) Cash and cash equivalents

Cash and cash equivalents 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.

Defined benefit pension obligation

For contributions made by the Company to a defined benefit Local Government Pension Scheme, the contributions are set in relation to the current service period only and are not affected by any surplus or deficit in the scheme relating to past service of its own employees or any other members of the scheme. The company is not exposed to the risk of surplus or deficit in the pension scheme with contributions fixed for the term of the contract with the Council of the City of Stoke-on-Trent ("the Council"). The contributions to this scheme have therefore been treated as money purchase contributions and the deficit/surplus in the scheme has not been recognised in the balance sheet.

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 to 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.

Critical accounting estimates and judgements

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies. The Company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

3 Revenue

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

	2020 £ 000	2019 £ 000
Provision of services	-	154

In the current year, revenue is comprised of amounts charged to the Council of the City of Stoke-on-Trent (the "Council") for project works completed during the year and for services provided in relation to the end of contract between the Council and the Company. All of the Company's revenue is generated in the United Kingdom.

4 Income tax expense

Tax charged/(credited) in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	48
UK corporation tax adjustment to prior periods	-	(49)
	-	(1)
Deferred taxation		
Adjustment in respect of prior periods	-	43
Tax expense in the income statement	-	42

The tax on result/ profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Result/Profit before taxation	-	250
Corporation tax at standard rate	-	48
Decrease in current tax from adjustment for prior periods	-	(6)
Total tax expense	-	42

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

5 Trade and other receivables

	2020 £ 000	2019 £ 000
Other receivables	-	4
	<u>-</u>	<u>4</u>

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

6 Cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank	879	918
	<u>879</u>	<u>918</u>

7 Trade and other payables

	2020 £ 000	2019 £ 000
Trade payables	220	262
Accrued expenses	77	79
Social security and other taxes	2	-
Other payables	25	26
Total trade and other payables	<u>324</u>	<u>367</u>

8 Called up share capital

Allotted, called up and fully paid shares

	No.	2020 £ 000	No.	2019 £ 000
A Ordinary shares of £1 each	-	-	-	-
B Ordinary shares of £1 each	-	-	-	-
Ordinary Shares of £1 each	1,000	1	1,000	1
	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

8 Called up share capital (continued)

Kier Services Limited, on 3 December 2018, acquired the 199 B Ordinary Shares held by Stoke Council. The Shareholders Agreement dated 3 February 2008 between Kier Services Limited and Council of the City of Stoke-on-Trent was terminated on acquisition of the 199 B Ordinary Shares by Kier Services Limited.

The A Ordinary Shares and B Ordinary Shares of the Company were re-designated as Ordinary Shares on 30 April 2019. The Ordinary Shares are non-redeemable and rank equally in terms of the rights to participate in all approved dividend distributions, voting rights and the rights to participate in any distribution of capital on winding up of the Company.

Prior to the re-designation, the A Ordinary Shares and B Ordinary Shares ranked equally in terms of voting rights and the rights to participate in any distribution of capital on winding up of the Company. Dividends were allocated to the shareholders in accordance with the terms of the Partnering Agreement between the Council of the City of Stoke-on-Trent and Kier Services Limited. The holder of the A Ordinary Shares had the right to appoint up to 5 directors of the Company. The holder of the B Ordinary Shares had the right to appoint a director and alternate director of the Company.

9 Dividends

Interim dividends paid

	2020 £ 000	2019 £ 000
Interim dividend of £Nil (2019 - £6,378.28) per each A Ordinary shares	-	5,109
Interim dividend of £Nil (2019 - £6,718.59) per each B Ordinary shares	-	1,337
	<u>-</u>	<u>6,446</u>

The dividend paid to each shareholder was calculated in accordance with the Shareholders Agreement dated 3 February 2008 and stated in the Agreement dated 3 December 2018. The dividend paid to KSL and Stoke Council was £5,109,000 and £1,336,000, respectively. The dividend paid to Stoke Council was in full and final settlement of Stoke Council's right to receive dividends from the Company.

Kier Stoke Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

10 Parent and ultimate parent undertaking

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

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

The address of Kier Services Limited is:

81 Fountain Street
Manchester
M2 2EE