Registration number: 03679828

Kier Business Services Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2022

Kier Business Services Limited

Contents

Kier Business Services Limited

Company Information

Directors	Jayne Hettle
	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 Business Services Limited

Strategic Report for the Year Ended 30 June 2022

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

Fair review of the business and future developments
The Company is a member of the Kier Group plc ("Kier") group of companies (the "Kier Group" and the "Group").

Kier Business Services Limited is comprised of two main parts, a Design Business (focusing on accommodation projects in the built environment) and a Business Process Outsourcing business with a number of residual elements of HR advisory, payroll and pensions services, along with NHS Business Intelligence, Corporate Services and ICT Services to a number of Clinical Commissioning Groups in the North Yorks and Humber Region of the National Health Service.

The majority of Business Services elements came to a conclusion at the end of March 2020. Resources will continue to be diverted to the Design Business where there is the opportunity for growth in the future and we continue to expand our market and client base through organic growth and client synergy across the wider Kier Group. The net assets of the Company reduced to £13,836,000 at 30 June 2022 from £13,837,000 at 30 June 2021.

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

	Unit	2022	2021
Revenue	£ 000	10,689	11,536
EBITDA before adjusting items - see Note 7 on Page 30	£ 000	119	(632)
Operating loss before adjusting items	£ 000	(31)	(826)
Operating margin before adjusting items	%	-	(7)

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.

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.

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.

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.

Funding

Principal risk: failure to maintain adequate financial liquidity and/or comply with the Group's financial covenants.

Failure to maintain adequate financial liquidity and/or comply with the Group's financial covenants resulting in an inability to execute the Company's strategy effectively.

Potential impact:
• The loss of confidence by other stakeholders (for example, investors, clients, subcontractors and employees);
• Conducting existing business becomes increasingly challenging; and
• The loss of future business.

Mitigating actions:
• Effective cash forecasting and working capital management in combination with continued monitoring and prudent financial planning to ensure the Group's covenant compliance is maintained;
• Continued collaborative engagement with customers, suppliers, HMRC, pension scheme trustees, banks, lenders and sureties; and
• Through financial planning the Company ensures that appropriate levels of headroom under committed facilities and their financial covenants are in place to accommodate reasonable downside.

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.

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.

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.

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.

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:

....
Steven Van Raalte
Director

The directors of Kier Business 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:

Jayne Hettle

Helen Samuels (resigned 18 March 2022)

Clive Thomas (resigned 17 November 2022)

Steven Van Raalte (appointed 16 November 2022)

Financial instruments

Objectives and policies

Kier Business Services Limited is exposed to foreign exchange risk, interest rate risk, credit risk, liquidity risk and price risk in varying degrees, but all have relatively low levels of risk. For this reason the Company does not undertake hedging or complex financial instruments to mitigate these particular risks. Interest rate risk arises from long-term pound Sterling borrowings issued at variable rates. The Kier Group finance department manages these risks within a set of policies and procedures defined by the parent company Board. The policies for managing these risks are set out below:

(a) Foreign exchange risk

The Company does not hedge for foreign currency exchange risk as balances in foreign currency are not significant, although there are some transactions denominated in foreign currencies. All bonds and guarantees are funded out of the UK.

(b) Interest rate risk

The Company is owed and owes money via intercompany loan notes and these are subject to fixed rate interest charges. The Company does not undertake hedging or complex financial instruments to mitigate this risk.

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

(c) Credit risk

The principal financial assets are cash and debtors. Counterparty risk on cash deposits is managed by adhering to guidelines which currently state that a maximum of £5,000,000 of cash can be deposited with any one UK counterparty. Trade debtors are managed through set up and authorisation policies for new customers and monthly monitoring of balances.

(d) Liquidity risk

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.

(e) Price risk

The Company does not hold any equity securities that are available for sale, and does not have any significant exposure to commodity price risk.

Dividends
No dividend was paid in the current or prior year and the directors do not recommend payment of a final dividend for the year.

Performance and future developments
Performance and future developments are discussed in the Business Review section of the Company's Strategic Report.

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 financial statements have been prepared on a going concern basis. The Directors' have reviewed budgets and future forecasts and have satisfied themselves that the Company has sufficient and liquid resources to continue to operate for a period of at least 12 months from the date these financial statements are signed. Future forecasts indicate that the Company can generate future cash flows, as such the Directors have reasonable expectation that the Company has the adequate resources to continue in operational existence for the foreseeable future.

In addition, the Directors' have received confirmation that Kier Group plc intends to provide continuous financial support to the Company for a period of not less than one year from the date of signing of these financial statements. As a result, the Directors are satisfied that the Company has adequate resources to meet its obligations as they fall due for a period of at least 12 months from the date of approving these financial statements and, for this reason, they continue to adopt the going concern basis for preparing 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 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.

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.

Directors' confirmations

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.

Reappointment of independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as independent 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:

S Van Raalte

....

Steven Van Raalte

Director

Kier Business Services Limited

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

Report on the audit of the financial statements

Opinion

In our opinion, Kier Business 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 loss 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 for the Year Ended 30 June 2022 (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 June 2022; 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

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.

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.

Independent Auditors' Report to the Members of Kier Business 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. 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;
- 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 the estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Review of board minutes and details of legal expenses incurred in the year; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

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.

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 Kier Business Services 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 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

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

20 December 2022

Kier Business Services Limited

Income Statement for the Year Ended 30 June 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	10,689	11,536
Cost of sales		(8,180)	(9,142)
Gross profit		2,509	2,394
Administrative expenses		(2,540)	(3,990)
Other operating income	5	-	32
Operating loss	6	(31)	(1,564)
Finance income	8	998	1,012
Finance costs	9	(436)	(614)
Net finance income		562	398
Profit/(loss) before taxation		531	(1,166)
Income tax (expense)/credit	13	(588)	2,269
(Loss)/profit for the financial year		(57)	1,103
Supplementary information			
Adjusted[1] operating loss	7	(31)	(826)
Adjusted[1] profit/(loss) before tax	7	531	(428)

The above results were derived from continuing operations.

[1] Reference to 'adjusted' excludes adjusting items, see notes 2 and 7.

Kier Business Services Limited

Statement of Comprehensive Income for the Year Ended 30 June 2022

	2022 £ 000	2021 £ 000
(Loss)/profit for the financial year	(57)	1,103
Total comprehensive (expense)/income for the year	(57)	1,103

The notes on pages 20 to 38 form an integral part of these financial statements.

Kier Business Services Limited

(Registration number: 03679828)
Statement of Financial Position as at 30 June 2022

	Note	2022 £ 000	2021 £ 000
Non-current assets			
Right of use assets	14	209	265
Investments	15	1	1
Deferred tax assets	13	6,903	8,318
		7,113	8,584
Current assets			
Trade and other receivables	16	15,709	35,108
Income tax asset		832	1,577
Contract assets	4	1,024	908
Cash and cash equivalents	17	11,893	-
		29,458	37,593
Total assets		36,571	46,177
Current liabilities			
Lease liabilities	18	(88)	(133)
Trade and other payables	19	(20,886)	(19,804)
Contract liabilities	4	(884)	(837)
Loans and borrowings	20	-	(10,153)
Provisions	21	(764)	(897)
		(22,622)	(31,824)
Non-current liabilities			
Lease liabilities	18	(113)	(121)
Provisions	21	-	(395)
		(113)	(516)
Total liabilities		(22,735)	(32,340)
Net assets		13,836	13,837
Equity			
Retained earnings		13,836	13,837
Total equity		13,836	13,837

The financial statements on pages 16 to 38 were approved by the Board of Directors on ....20 December 2022.. and signed on its behalf by:

....
Steven Van Raalte
Director

Kier Business Services Limited

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

	Retained earnings £ 000	Total equity £ 000
At 1 July 2020	12,705	12,705
Profit for the financial year	1,103	1,103
Total comprehensive income for the year	1,103	1,103
Share based payment transactions	29	29
At 30 June 2021	13,837	13,837

	Retained earnings £ 000	Total equity £ 000
At 1 July 2021	13,837	13,837
Loss for the financial year	(57)	(57)
Total comprehensive expense for the year	(57)	(57)
Share based payment transactions	56	56
At 30 June 2022	13,836	13,836

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:
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 Reduced Disclosure Framework and the Companies Act 2006.

The financial statements have been prepared on the historical cost basis.

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

Going concern
The performance, financial position and key risks impacting the Company are set out in the Strategic Report.

The Directors are of the opinion that the Company will continue to meet its performance obligations under its client contracts. The Company is in a positive net assets position.

The financial statements have been prepared on a going concern basis. The Directors' have reviewed budgets and future forecasts and have satisfied themselves that the Company has sufficient and liquid resources to continue to operate for a period of at least 12 months from the date these financial statements are signed. Future forecasts indicate that the Company can generate future cash flows, as such the Directors have reasonable expectation that the Company has the adequate resources to continue in operational existence for the foreseeable future.

In addition, the Directors' have received confirmation that Kier Group plc intends to provide continuous financial support to the Company for a period of not less than one year from the date of signing of these financial statements. As a result, the Directors are satisfied that the Company has adequate resources to meet its obligations as they fall due for a period of at least 12 months from the date of approving these financial statements and, for this reason, they continue to adopt the going concern basis for preparing these financial statements.

2 Accounting policies (continued)

Summary of disclosure exemptions
In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 - 'Share-based payments' (how the fair value of goods/services received or equity instruments granted was determined and details of the number and weighted average exercise prices of share options).
- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):

  - paragraph 79(a)(iv) of IAS 1
  (reconciliation of number of shares at the beginning and end of the period)

  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'
  (reconciliations between the carrying amount at the beginning and end of the period)

  - paragraph 118(e) of IAS 38, 'Intangible assets'
  (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):

  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information);
  - 134-136 (capital management disclosures)
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).

2 Accounting policies (continued)

Exemption from preparing group financial statements
The financial statements contain information about Kier Business Services Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Kier Group plc, a company incorporated in England and Wales.

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;

• 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;

• 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.

• 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;

• 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

2 Accounting policies (continued)

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 services are as follows:

Revenue and profit from services rendered, which include design and business services, 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.

Adjusting items
IAS 1 permits an entity to present additional information for specific items to enable users to better assess the entity's financial performance. The directors have considered the requirements of applicable accounting standards, along with additional guidance around alternative performance measures (APMs) and believe it is appropriate to inform users regarding various items and disclose those items which are deemed one-off, material or non-recurring in size or nature, in alignment with the Group's internal management reporting. As such, the Group is disclosing as supplementary information an 'Adjusted Profit' APM which is reconciled to statutory profit in the notes to the financial statements and is consistent with IFRS 8 segmental reporting.

Separate presentation of these items is intended to enhance understanding of the financial performance of the Company in the particular year under review and the extent to which results are influenced by material unusual and/or non-recurring items.

The directors exercise judgement in determining the classification of certain items as adjusting using quantitative and qualitative factors. In assessing whether an item is an adjusting item, the directors give consideration, both individually and collectively, as to an item's size, the specific circumstances which have led to the item arising and if the item is likely to recur, or whether the matter forms part of a group of similar items.

A full reconciliation from statutory numbers to adjusted profit measures has been presented in note 7 on page 29.

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.

Investments
Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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.

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.

Share based payments

Employees of the Company participate in Kier Group equity-settled, share-based compensation plans, under which the Company receives services from employees as consideration for equity instruments (options) of Kier Group plc. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair values of the options granted are calculated using the Black Scholes option pricing model, with the exception of the total shareholder return element of the long term incentive plan which is calculated based on a stochastic model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The amount expensed is funded by means of a capital contribution from Kier Group plc which is credited directly to equity.

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.

(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.

(c) Bank and other borrowings

Interest-bearing bank and other borrowings are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

2 Accounting policies (continued)

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
• Amounts expected to be payable by the Company under residual value guarantees;
• The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
• Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Most Kier Group companies do not have any recent independent third-party financing to use as a starting point for the incremental borrowing rate. Therefore, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, lease term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

• The amount of the initial measurement of lease liability;
• Any lease payments made at or before the commencement date less any lease incentives received;
• Any initial direct costs; and
• Any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company has elected to use the following recognition exemptions, as permitted by the standard:

• Leases of low-value items - The Company has defined low value items as assets that have a value when new of less than c£5,000. Low value items comprise IT equipment and small items of plant.
• Short-term leases - Leases with a lease term of less than 12 months at inception.

For leases in the above categories, a lease liability or right-of-use asset is not recognised. Instead, the Company recognises the related lease payments as an expense on a straight-line basis over the lease term.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leased properties that meet the definition of investment properties are presented within 'investment properties' rather than 'right-of-use assets' on the balance sheet.

2 Accounting policies (continued)

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.

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 the 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 forms the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

Areas involving significant judgements or key sources of estimation that may impact on the Company's earnings and financial position are as follows:

(a) Revenue and profit recognition:
The estimation techniques used for revenue and profit recognition require forecasts to be made of the outcome of long term contracts which require assessments and judgements to be made on the recovery of pre-contract costs, changes in the scope of work, contract programme and changes in cost.

(b) Adjusting items:
The Directors exercise judgement in determining whether, on balance, disclosing certain items as adjusting items separately in the financial statements will help the users of the financial statements understand the Company's business performance.

(c) Provision for onerous contracts:
A provision is made for any unavoidable future net losses arising from contract obligations as soon as they become apparent

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

4 Revenue

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

	2022 £ 000	2021 £ 000
Rendering of services	10,689	11,536

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

	2022 £ 000	2021 £ 000
Contract assets	1,024	908
Contract liabilities	(884)	(837)
Net unbilled contract assets	140	71

The Contract Asset value above is shown net of £0.2m (2021: £0.4m) impairment recognised against older elements of some contract assets due to uncertainty around recoverability.

Revenue recognised in the period from:

	2022 £ 000	2021 £ 000
Amounts included in contract liability at the beginning of the period	(764)	(822)

5 Other operating income

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

	2022 £ 000	2021 £ 000
Government grants	-	32

6 Operating loss

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Right of use assets depreciation	150	194
Profit on disposal of right of use assets	-	(1)

7 Adjusting items

	Operating loss 2022 £ 000	Operating loss 2021 £ 000	EBITDA 2022 £ 000	EBITDA 2021 £ 000	Profit/(Loss) before tax 2022 £ 000	Profit/(Loss) before tax 2021 £ 000
Reported (loss)/profit	(31)	(1,564)	119	(1,370)	531	(1,166)
Restructuring and related charges	-	252	-	252	-	252
Onerous lease	-	486	-	486	-	486
Adjusted (loss)/profit	(31)	(826)	119	(632)	531	(428)

8 Finance income

	2022 £ 000	2021 £ 000
Interest received from group undertakings	998	1,012

9 Finance costs

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	428	402
Interest on obligations under finance leases and hire purchase contracts	8	12
Other finance costs	-	200
	436	614

10 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	7,234	7,978
Social security costs	747	718
Other pension costs	468	542
Share-based payment expenses	56	29
	8,505	9,267

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

	2022 No.	2021 No.
Permanent staff	157	167

11 Directors' remuneration

One director (2021: one) is remunerated by the Company. The other directors are employed and remunerated by the other Group companies and it is not practical for them to allocate remuneration between the companies they work for.

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Directors' emoluments	172	145
	172	145

12 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.

13 Income tax (expense)/credit

Tax charged/(credited) in the income statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	(657)	-
UK corporation tax adjustment to prior periods	(170)	476
	(827)	476
Deferred taxation		
Arising from origination and reversal of temporary differences	886	(177)
Arising from changes in tax rates and laws	280	(1,996)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	249	(572)
Total deferred taxation	1,415	(2,745)
Tax expense/(credit) in the income statement	588	(2,269)

13 Income tax (expense)/credit (continued)

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

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit/(loss) before tax	531	(1,166)
Corporation tax at standard rate	101	(222)
(Decrease)/increase in current tax from adjustment for prior periods	(170)	476
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	128	45
Deferred tax expense/(credit) from unrecognised temporary difference from a prior period	249	(572)
Deferred tax expense/(credit) relating to changes in tax rates or laws	280	(1,996)
Total tax charge/(credit)	588	(2,269)

The deferred tax balance as at the year end has been recognised at 25% (2021: 25%), which is the enacted corporation tax rate effective from 1 April 2023.

13 Income tax (expense)/credit (continued)

Deferred tax
Deferred tax assets

2022	Asset £ 000
Accelerated tax depreciation	5,313
Other items	1,590
	6,903

2021	Asset £ 000
Accelerated tax depreciation	6,495
Other items	1,823
	8,318

Deferred tax movement during the year:

	At 1 July 2021 £ 000	Recognised in income £ 000	At 30 June 2022 £ 000
Accelerated tax depreciation	6,495	(1,182)	5,313
Other items	1,823	(233)	1,590
	8,318	(1,415)	6,903

Deferred tax movement during the prior year:

	At 1 July 2020 £ 000	Recognised in income £ 000	At 30 June 2021 £ 000
Accelerated tax depreciation	4,434	2,061	6,495
Other items	1,139	684	1,823
	5,573	2,745	8,318

14 Right of use assets

	Land and buildings £ 000	Motor vehicles £ 000	Total £ 000
Carrying amount			
At 1 July 2020	248	117	365
Additions	-	111	111
Disposals	-	(17)	(17)
Depreciation charge for the year	(96)	(98)	(194)
At 30 June 2021	152	113	265
Additions	-	114	114
Disposals	-	(20)	(20)
Depreciation charge for the year	(82)	(68)	(150)
At 30 June 2022	70	139	209

15 Investments

Joint ventures

	£ 000
Cost or valuation	
At 1 July 2020	1
At 30 June 2021	1
At 30 June 2022	1
Carrying amount	
At 30 June 2022	1
At 30 June 2021	1

15 Investments (continued)

Details of the joint ventures as at 30 June 2022 are as follows:

Name of Joint-ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2022	2021
MPHBS Limited	Holding company	2nd Floor, Optimum House, Clippers Quay, Salford, M50 3XP England and Wales	50%	50%

16 Trade and other receivables

Current	2022 £ 000	2021 £ 000
Trade receivables	363	394
Amounts due from group undertakings	15,273	34,617
Prepayments and accrued income	73	53
Other receivables	-	44
	15,709	35,108

Included within amounts due from group undertakings is £11,963,000 (2021: £21,166,000) relating to intercompany loans. Loans to the value of £3,870,000 (2021: £11,967,000) are unsecured, repayable on demand and attract interest at 4.0%. A loan to the value of £8,093,000 (2021: £9,199,000) is unsecured, repayable on demand and attracts interest at 6.0%. All other amounts are non-interest bearing, unsecured and repayable on demand.

17 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash at bank	11,893	-
Bank overdrafts	-	(10,153)
Cash and cash equivalents	11,893	(10,153)

18 Lease liabilities

Leases included in liabilities

	2022 £ 000	2021 £ 000
Current	88	133
Non-current	113	121
	201	254

Lease liabilities maturity analysis
Future minimum lease payments as at 30 June 2022 are as follows:

	2022 £ 000	2021 £ 000
Less than one year	119	144
One to two years	50	93
Two to three years	30	24
Three to four years	11	2
Total gross payments	210	263
Impact of finance expenses	(9)	(9)
Carrying amount of liability	201	254

Total cash outflows related to leases

	2022 £ 000	2021 £ 000
Total cash outflow	153	201

19 Trade and other payables

Current	2022 £ 000	2021 £ 000
Trade payables	246	424
Accruals and deferred income	1,039	2,056
Amounts owed to group undertakings	19,601	15,937
Social security and other taxes	-	1,387
Total current trade and other payables	20,886	19,804

Amounts owed to group undertakings are non-interest bearing, unsecured and repayable on demand.

20 Loans and borrowings

	2022 £ 000	2021 £ 000
Current loans and borrowings		
Bank overdrafts	-	10,153

21 Provisions

Provision in year relates to an onerous contract within the Business Process Outsourcing business and the other provision relates to expected employee costs and dilapidations.

	Onerous contracts £ 000	Other provisions £ 000	Total £ 000
At 1 July 2021	471	821	1,292
Provisions used	(132)	(396)	(528)
At 30 June 2022	339	425	764
Current liabilities	339	425	764

22 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 £468,000 (2021 - £542,000).

23 Share capital

Allotted, called up and fully paid shares

	2022 No.	2022 £ 000	2021 No.	2021 £ 000
Ordinary Shares of £1 each	100	-	100	-

24 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 and smallest 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.