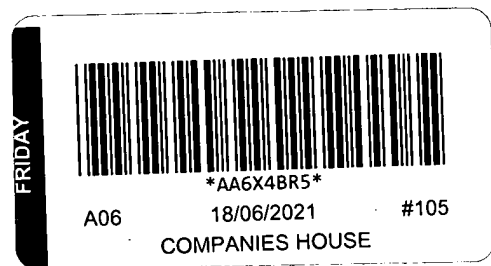


Registration number: 04321657

Kier Integrated Services (Holdings) Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2020



Kier Integrated Services (Holdings) Limited

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Kier Integrated Services (Holdings) Limited

Company Information

Directors	Giuseppe Incutti Lee Woodall
Company secretary	Philip Higgins
Registered office	81 Fountain Street Manchester M2 2EE
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Kier Integrated Services (Holdings) Limited

Strategic Report for the Year Ended 30 June 2020

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

Fair review of the business

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

The principal activity of the Company is that of a holding company for an infrastructure support services group, the principal activities of which are working with long-term clients in the public and regulated sectors to design and deliver a wide range of essential front-line services.

Prior to the Company's acquisition by the Kier Group in 2013, the Company was the parent company of the May Gurney group. Due to the control that the Company exercises over the May Gurney Group Limited Employee Share Ownership Trust (the "ESOT"), the financial statements of the ESOT are consolidated within these financial statements.

The Company's administrative expenses were £2,000 in the year ended 30 June 2020 (2019 - £402,000). The decrease from last year is primarily due to a reduction in pension scheme administration costs borne by the Company.

On 26 October 2018, the High Court ruled in the Lloyds Banking Group case that pension schemes must equalise Guaranteed Minimum Pensions ("GMP") between male and female members. As a result of this ruling, a one-off charge of £511,000 was charged to the income statement for the year ended 30 June 2019 in respect of GMP equalisation in the Company's defined benefit pension scheme.

After net finance costs, the Company has made a loss before tax for the year of £322,000 (2019 - £1,210,000).

In addition to the loss for the year, the Company suffered actuarial losses on the pension scheme totalling £8,639,000 before tax (2019 - gain of £1,192,000). As a result of the losses, the Company's net assets have decreased from £15,747,000 to £8,472,000.

The Company is expected to continue as a non-trading holding company for the foreseeable future.

As a non-trading holding company the directors do not use any specific KPIs to measure the performance of the Company.

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.

Stakeholders

Kier is committed to engaging with our people, our stakeholders and the communities in which we operate, and creating a healthy and sustainable culture. The Directors of the Company have had regard for the matters set out in section 172(1) (a)-(f) of the Companies Act when performing their duty under s172. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business. The Company is a member of the Group; engagement with its or the Group's key stakeholders, including employees, shareholders, Government, the supply chain, lenders, the environment and the communities in which the Group or the Company operates continues to be an integral part of the Board's decision-making.

Kier Integrated Services (Holdings) Limited

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

Stakeholders (continued)

The 2020 annual report and accounts of Kier Group plc (pages 56 and 57) provides examples of how the Directors of the Company had regard to the matters set out in s172(1)(a)-(f) of the Companies Act 2006 during the year when performing their duty under section 172.

Safety, health and environment

The safety and wellbeing of Kier's employees and suppliers remain of paramount importance. The Group's Safety, Health and Environment ("SHE") Committee (the "Committee") focuses on overseeing the consolidation of the Group's safety culture and performance, with employee health and welfare being a particular area of focus during the year.

The 5 SHE Basics campaign, which was relaunched with a new visual identity on sites across the Group during the year, is fundamental to the Group's approach to safety which aims to improve the Group's overall safety performance.

For further information on the Group's activities with regards to SHE matters, including the SHE Committee report at pages 99 and 100, please see the Kier Group plc 2020 Annual Report (available at www.kier.co.uk).

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.

Pension scheme risk

There is a risk that significant changes in financial market conditions could lead to volatility in the defined benefit obligation from year to year. In addition, the scheme's asset position may also be volatile as it will be influenced by changes in market conditions.

The scheme deficit is measured by the trustees for funding purposes on a triennial basis. An increase in the measured deficit can lead to an increase in the pension payments made by the Company as part of the deficit recovery plans agreed with the trustees.

The risk of significant changes to the deficit position has been mitigated to an extent due to the asset hedging strategy in place for the scheme. The May Gurney scheme invests in a set of liability-driven investment funds managed by BMO. In combination, these funds are designed to hedge the scheme's sensitivity to changes in interest rates and inflation by reference to 100% of the value of the technical provisions liabilities.

The future pension risk has also been significantly reduced by closing the defined benefit scheme to future accrual.

Kier Integrated Services (Holdings) Limited

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

Impairment of investments

The Company tests annually whether its investments have suffered any impairment. The recoverable amounts of subsidiaries are determined based on value-in-use calculations or fair value less cost to sell, if held for sale.

Whilst the recoverable amount exceeds the carrying value of the investments and amounts due from subsidiary undertakings, the value-in-use calculation is sensitive to reasonably possible changes in key assumptions (including a decline in the trading performance of the subsidiaries) that could result in an impairment.

Brexit

The UK left the EU on 31 January 2020. A transition period was in place until 31 December 2020, during which all EU rules and laws continued to apply to the UK. On 24 December 2020, the negotiators from the EU and the UK reached an agreement on a new partnership. On 1 January 2021 provisional application of the agreement took effect and the new rules entered into force.

The Group has identified potential risks relating to, for example, the supply chain, the workforce and the supply and cost of materials and has set up contingency plans in respect of these risks. In particular, the Group continues to work with its supply chain to develop plans to ensure continuity of potentially critical supplies and has developed plans with respect to those members of its workforce who are nationals of EU member states and wish to continue to work in the UK. Albeit at an early stage, no operational issues have been encountered so far under the new rules, with suppliers and subcontractors currently anticipating minimal impact on contract delivery.

COVID-19

The COVID-19 pandemic has had, and may continue to have, a material and adverse effect on the operations of the Company's subsidiary companies and a number of the subsidiaries' stakeholders, including its employees, clients and supply chain. The extent of the effect of COVID-19 on the Company, its subsidiaries and its stakeholders depends on a range of factors, including its effect on the wider economy in general, measures taken by Government in response to it, including the proposed increase in UK infrastructure investment, and the effects of any re-occurrence of the pandemic.

As the UK continues its exit from lockdown, Government restrictions and requirements are closely monitored so as to ensure continued compliance. Particular areas of focus include:


- Compliance with the Company's subsidiary companies' operating site procedures;
- Ensuring the continued supply of materials and availability of the supply chain for the Company's subsidiaries, wherever possible; and
- Supporting the subsidiaries' workforce to continue to operate as effectively as possible in the circumstances.

Emerging risks

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

- The continued impact of COVID-19 on its subsidiaries' sites and operations;
- The UK's recession, following COVID-19; and
- The operational, financial and commercial effects of climate change disruption on its subsidiaries.

Approved by the Board on 11 June 2021 and signed on its behalf by:



Lee Woodall
Director

Kier Integrated Services (Holdings) Limited

Directors' Report for the Year Ended 30 June 2020

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

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:

Giuseppe Incutti (appointed 30 September 2019)

Thomas Foreman (appointed 5 June 2020 and resigned 31 August 2020)

Marcus Jones (resigned 8 June 2020)

David Wright (resigned 30 September 2019)

Lee Woodall (appointed 17 September 2020)

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.

Dividends

No dividend was paid in the year and the directors do not recommend a final dividend in respect of the year.

Going concern

Based on projections, the directors have a reasonable expectation that the Company has adequate resources to continue operating for at least twelve months from the date of signing of these financial statements. They have also received a letter from the directors of Kier Group plc (the Company's ultimate parent company) pledging support to allow the Company to meet its obligations for a period of no less than twelve months from the date of approval of these financial statements. On these grounds the Board has continued to adopt the going concern basis for the preparation of the financial statements.

Future developments

The Company's future developments are set out in the Business Review section of the Strategic Report.

Financial instruments

Objectives and policies

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 Board has delegated the review of the effectiveness of the Company'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 Company are reviewed by the RMAC on a quarterly basis.

On behalf of the Board, 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.

Kier Integrated Services (Holdings) Limited

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

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

The Company is currently in a net assets and net cash position. Cash flow is forecast regularly to provide up-to-date and accurate information on the Company's current cash position and its future requirements. If the Company was to require additional cash in the future it could rely on Kier Group borrowing and bonding facilities. The Kier Group has strong, long-term relationships with the providers of its bonding lines and has an in-house team which monitors headroom and advises on bond terms and conditions.

The Company is not subject to material price or credit risks.

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 11 June 2021 and signed on its behalf by:



.....
Lee Woodall
Director

Kier Integrated Services (Holdings) 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.

Kier Integrated Services (Holdings) Limited

Independent Auditors' Report to the Members of Kier Integrated Services (Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kier Integrated Services (Holdings) 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 loss 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; 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.

Kier Integrated Services (Holdings) Limited

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

Reporting on other information (continued)

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

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

Based on 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.

Kier Integrated Services (Holdings) Limited

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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

Date: *11 June 2021*

Kier Integrated Services (Holdings) Limited

Income Statement for the Year Ended 30 June 2020

	Note	2020 £ 000	2019 £ 000
Administrative expenses		(2)	(402)
Other operating expenses	4	-	(511)
Operating loss		(2)	(913)
Finance income	5	102	34
Finance costs	6	(422)	(331)
Net finance cost		(320)	(297)
Loss before taxation		(322)	(1,210)
Tax on loss	10	122	241
Loss for the financial year		(200)	(969)

The above results were derived from continuing operations.

Kier Integrated Services (Holdings) Limited


Statement of Comprehensive Income for the Year Ended 30 June 2020

	Note	2020 £ 000	2019 £ 000
Loss for the year		(200)	(969)
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on defined benefit pension scheme	12	(8,639)	1,192
Deferred tax on actuarial losses/(gains)	10	1,564	(203)
Other comprehensive (expense)/income for the financial year		(7,075)	989
Total comprehensive (expense)/income for the year		(7,275)	20

Kier Integrated Services (Holdings) Limited
(Registration number: 04321657)
Statement of Financial Position as at 30 June 2020

	Note	2020 £ 000	2019 £ 000
Non-current assets			
Investments	11	20,351	20,351
Retirement benefit assets	12	-	1,380
Deferred tax assets	10	1,925	-
		<u>22,276</u>	<u>21,731</u>
Current assets			
Trade and other receivables	13	2,152	2,152
Income tax asset		533	1,001
Cash and cash equivalents	14	447	1,407
		<u>3,132</u>	<u>4,560</u>
Total assets		<u>25,408</u>	<u>26,291</u>
Current liabilities			
Trade and other payables	15	(11,731)	(10,308)
Income tax liability		(1)	(2)
		<u>(11,732)</u>	<u>(10,310)</u>
Non-current liabilities			
Retirement benefit obligations	12	(5,204)	-
Deferred tax liabilities	10	-	(234)
		<u>(5,204)</u>	<u>(234)</u>
Total liabilities		<u>(16,936)</u>	<u>(10,544)</u>
Net assets		<u>8,472</u>	<u>15,747</u>
Equity			
Called up share capital	16	3,512	3,512
Share premium account		13,197	13,197
Capital redemption reserve		2,902	2,902
Other reserves		881	881
Profit and loss account		(12,020)	(4,745)
Total equity		<u>8,472</u>	<u>15,747</u>

The financial statements on pages 11 to 32 were approved by the Board of Directors on 11 June 2021 and signed on its behalf by:



Lee Woodall
Director

Kier Integrated Services (Holdings) Limited

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

	Called up share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Other reserves Merger relief reserve £ 000	Employee Share Ownership Trust reserve £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 July 2018	3,512	13,197	2,902	1,944	(1,063)	(4,765)	15,727
Loss for the financial year	-	-	-	-	-	(969)	(969)
Other comprehensive income	-	-	-	-	-	989	989
Total comprehensive income	-	-	-	-	-	20	20
At 30 June 2019	3,512	13,197	2,902	1,944	(1,063)	(4,745)	15,747
				Other reserves	Employee Share Ownership Trust reserve £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 July 2019	3,512	13,197	2,902	1,944	(1,063)	(4,745)	15,747
Loss for the financial year	-	-	-	-	-	(200)	(200)
Other comprehensive expense	-	-	-	-	-	(7,075)	(7,075)
Total comprehensive expense	-	-	-	-	-	(7,275)	(7,275)
At 30 June 2020	3,512	13,197	2,902	1,944	(1,063)	(12,020)	8,472

The notes on pages 15 to 32 form an integral part of these financial statements.

Kier Integrated Services (Holdings) 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 in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

81 Fountain Street
Manchester
M2 2EE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework and the Companies Act 2006 as applicable to companies using FRS 101.

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.

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;

IAS 8: The listing of new or revised standards that have not been adopted (and information about their likely impact) has been omitted;

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; and

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.

Going concern

Based on projections, the directors have a reasonable expectation that the Company has adequate resources to continue operating for at least twelve months from the date of signing of these financial statements. They have also received a letter from the directors of Kier Group plc (the Company's ultimate parent company) pledging support to allow the Company to meet its obligations for a period of no less than twelve months from the date of approval of these financial statements. On these grounds the Board has continued to adopt the going concern basis for the preparation of the financial statements.

Kier Integrated Services (Holdings) Limited

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

2 Accounting policies (continued)

Exemption from preparing group financial statements

The financial statements contain information about Kier Integrated Services (Holdings) 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 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 a material effect on the financial statements.

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 subsidiary undertakings are included in the statement of financial position at cost less any provision for impairment.

Share capital

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

Kier Integrated Services (Holdings) Limited

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

2 Accounting policies (continued)

Employee Share Ownership Trust and Employee Benefit Trust

The Company was previously the parent company of the May Gurney group. Two trusts were established for the benefit of employees of the May Gurney group: The May Gurney Group Limited Employee Share Ownership Trust ("ESOT") and The May Gurney Integrated Services plc Employee Benefit Trust ("EBT").

The ESOT is included within these financial statements in line with the requirements of IFRS 10. Consolidated Financial Statements. Shares in the Company held by the ESOT are shown as a deduction in arriving at equity funds. Where the purchase of shares by the ESOT is financed by external bank loans, these loans are shown within current trade and other payables. Other current assets, liabilities and reserves of the ESOT are included within the statutory headings to which they relate.

The EBT, an offshore trust administered by Lloyds TSB Offshore Trust Company Limited, is not considered to be controlled by the Company and is therefore not included within these financial statements.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset/(liability) recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

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:

Kier Integrated Services (Holdings) Limited

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

2 Accounting policies (continued)

(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 comprise cash at bank and in hand, including bank deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts where legal right of set off exists.

(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.

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each period. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension asset/(liability).

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 12.

Kier Integrated Services (Holdings) Limited

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

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

Impairment of investments

The Company tests annually whether investments have suffered any impairment. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates.

Whilst the recoverable amount exceeds the carrying value of the investments and amounts due from subsidiary undertakings, the value-in-use calculation is sensitive to reasonably possible changes in key assumptions that could result in an impairment.

4 Other operating expenses

On 26 October 2018, the High Court ruled in the Lloyds Banking Group case that pension schemes must equalise Guaranteed Minimum Pensions ("GMP") between male and female members. As a result of this ruling, there was a one-off charge of £511,000 to the income statement for the year ended 30 June 2019 in respect of GMP equalisation.

5 Finance income

	2020 £ 000	2019 £ 000
Interest income on bank deposits	19	2
Interest received from group undertakings	28	32
Net interest on net defined benefit surplus	55	-
	<u>102</u>	<u>34</u>

6 Finance costs

	2020 £ 000	2019 £ 000
Interest on bank overdrafts and borrowings	-	31
Interest paid to group undertakings	422	294
Net interest on net defined benefit obligation	-	6
	<u>422</u>	<u>331</u>

7 Staff costs

The Company had no employees during the current or prior year.

8 Directors' remuneration

The aggregate payroll costs of the directors in respect of this company were £Nil (2019 - £Nil).

The directors are remunerated through other Kier Group companies. Any apportionment of directors' remuneration in respect of their services to the Company would be immaterial.

Kier Integrated Services (Holdings) Limited

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

9 Auditors' remuneration

The audit fees in the current and preceding year were paid on the Company's behalf by Kier Integrated Services Limited. The amount attributable to the Company is approximately £5,000 (2019 - £5,000). No other fees were payable to the auditors in the current or preceding year.

10 Tax on loss

Tax credited in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	5	(473)
UK corporation tax adjustment to prior periods	468	14
	<u>473</u>	<u>(459)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(66)	244
Arising from changes in tax rates and laws	(100)	(26)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(429)	-
Total deferred taxation	<u>(595)</u>	<u>218</u>
Tax on loss in the income statement	<u>(122)</u>	<u>(241)</u>

The tax on loss before taxation for the year is lower than 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
Loss before taxation	<u>(322)</u>	<u>(1,210)</u>
Corporation tax at standard rate	(61)	(230)
Increase in current tax from adjustment for prior periods	468	14
Increase from effect of expenses not deductible in determining taxable profit / tax loss	-	1
Deferred tax credit from unrecognised temporary difference from a prior period	(429)	-
Deferred tax credit relating to changes in tax rates or laws	<u>(100)</u>	<u>(26)</u>
Total tax credit	<u>(122)</u>	<u>(241)</u>

Kier Integrated Services (Holdings) Limited

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

10 Tax on loss (continued)

The deferred tax balance as at the year end has been recognised at 19.0% (2019: 17%) which is the enacted corporation tax rate effective from 1 April 2020.

Amounts recognised in other comprehensive income

	Before tax £ 000	Tax charge £ 000	2020 Net of tax £ 000
Remeasurement of post-employment benefit obligations	(8,639)	1,564	(7,075)
	Before tax £ 000	Tax charge £ 000	2019 Net of tax £ 000
Remeasurement of post-employment benefit obligations	1,192	(203)	989
Deferred tax			
Deferred tax assets and liabilities			
2020			Asset £ 000
Accelerated tax depreciation			1
Pension benefit obligations			988
Tax losses carry-forwards			936
			<u>1,925</u>
2019			Liability £ 000
Accelerated tax depreciation			1
Pension benefit obligations			(235)
Tax losses carry-forwards			-
			<u>(234)</u>

Deferred tax movement during the year:

	At 1 July 2019 £ 000	Recognised in income statement £ 000	Recognised in other comprehensive income £ 000	At 30 June 2020 £ 000
Accelerated tax depreciation	1	-	-	1
Pension benefit obligations	(235)	(341)	1,564	988
Tax losses carry-forwards	-	936	-	936
Net tax (liabilities)/assets	<u>(234)</u>	<u>595</u>	<u>1,564</u>	<u>1,925</u>

Kier Integrated Services (Holdings) Limited

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

10 Tax on loss (continued)

Deferred tax movement during the prior year:

	At 1 July 2018 £ 000	Recognised in income statement £ 000	Recognised in other comprehensive income £ 000	At 30 June 2019 £ 000
Accelerated tax depreciation	1	-	-	1
Pension benefit obligations	186	(218)	(203)	(235)
Tax losses carry-forwards	-	-	-	-
Net tax assets/(liabilities)	<u>187</u>	<u>(218)</u>	<u>(203)</u>	<u>(234)</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The directors consider that there is sufficient certainty of future profits within the Kier Group to enable the recoverability of the deferred tax asset in full and therefore the deferred tax asset has been recognised in the financial statements.

11 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 July 2019	<u>20,351</u>
At 30 June 2020	<u>20,351</u>
Carrying amount and net book value	
At 30 June 2019 and 30 June 2020	<u>20,351</u>

Impairment of investments

The Company tests annually whether its investments have suffered any impairment. The recoverable amounts of subsidiaries are determined based on value-in-use calculations or fair value less cost to sell, if held for sale. Whilst the recoverable amount exceeds the carrying value of the investments and amounts due from subsidiary undertakings, the value-in-use calculation is sensitive to reasonably possible changes in key assumptions (including a decline in the trading performance of the subsidiaries) that could result in an impairment.

Kier Integrated Services (Holdings) Limited

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

11 Investments (continued)

Details of the subsidiaries as at 30 June are as follows:

Name of subsidiary	Principal activity	Registered office ¹	Proportion of ownership interest and voting rights held	
			2020	2019
Kier Integrated Services Group Limited*	Non-trading intermediate holding company	1	100%	100%
Kier Integrated Services Limited	Infrastructure support services	1	100%	100%
Kier Integrated Services (Estates) Limited	Property holding and development	1	100%	100%
Kier Recycling CIC	Collection and sale of recyclable materials	1	100%	100%
Turriff Group Limited	Non-trading holding company	2	100%	100%
Turriff Contractors Limited	Dormant	2	100%	100%
Underground Molding Services Limited (dissolved on 11 August 2020)	Dormant	3	100%	100%
Turriff Smart Services Limited (dissolved on 23 August 2019)	Dormant	3	0%	100%
TOR2 Limited	Waste, recycling collections and highways maintenance	1	80.01%	80.01%
Lambeth Learning Partnership (PSP) Limited (dissolved on 18 August 2020)	Non-trading intermediate holding company	4	65%	65%
Engage Lambeth Limited (dissolved on 18 August 2020)	Non-trading construction company	4	52%	52%
AC Chesters & Son Limited	Dormant	1	100%	100%
FDT (Holdings) Ltd	Dormant	1	100%	100%
FDT Associates Ltd	Dormant	1	100%	100%

Kier Integrated Services (Holdings) Limited

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

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office ¹	Proportion of ownership interest and voting rights held	
			2020	2019
T Cartledge Limited	Dormant	1	100%	100%
Kier Integrated Services (Regional) Ltd	Dormant	1	100%	100%
Kier Integrated Services (Trustees) Limited	Dormant	1	100%	100%
T J Brent Limited	Non-trading holding company	1	100%	100%
Engineered Products Limited (in liquidation)	Dormant	4	100%	100%

* indicates direct investment of the Company

¹ See list of registered office details below.

Number Registered office address

- 1 81 Fountain Street, Manchester, M2 2EE, United Kingdom
- 2 Campsie House, Buchanan Business Park, Cumbernauld Road, Stepps, Glasgow, Scotland, G33 6HZ, United Kingdom
- 3 Atria One, 144 Morrison Street, Edinburgh, EH3 8EB, United Kingdom
- 4 1 More London Place, London, SE1 2AF, United Kingdom

Associates

The Company owns investments in associates indirectly via its subsidiaries. Details of the associates held as at 30 June are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Team Van Oord Limited	Maintenance services in the utilities sector	Bankside House, Henfield Road, Small Dole, Henfield, West Sussex, BN5 9XQ, United Kingdom	25%	25%

Kier Integrated Services (Holdings) Limited

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

11 Investments (continued)

Joint operations

Kier WSP

Kier Integrated Services Limited, one of the Company's subsidiaries, has a material joint operation, Kier WSP, in which it holds a 50% share in the ownership (2019 - 50%). The activities undertaken by this operation are highways maintenance and its trading address is Northamptonshire Highways, Highways Depot, Harborough Road, Brixworth, Northamptonshire, NN6 9BX, United Kingdom.

Kier Clancy Docwra (KCD)

Kier Integrated Services Limited, one of the Company's subsidiaries, has a material joint operation, Kier Clancy Docwra (KCD), in which it holds a 50% share in the ownership (2019 - 50%). The activities undertaken by this operation are maintenance services in the utilities sector and its trading address is Thames Water Offices, Clear Water Court, Vastern Road, Reading, RG1 8DB, United Kingdom.

12 Retirement benefit obligations

Defined benefit pension schemes

May Gurney Defined Benefit Pension Scheme

The Company operates a defined benefit pension scheme (May Gurney Defined Benefit Pension Scheme). The assets of the Scheme are held in trust separate from the assets of the Company.

The Trustees are responsible for investing the assets and delegate day-to-day decisions to independent professional investment managers. The schemes are established under UK trust law and have a corporate trustee that is required to run the schemes in accordance with the schemes' Trust Deed and Rules and to comply with all relevant legislation. Responsibility for the governance of the schemes lies with the Trustees.

The Scheme is closed to new members and was closed to future accrual for existing members on 30 September 2012. Hence, there are no active members of the scheme and therefore no contributions are required for current service benefit accrual.

Contributions paid to the pension scheme during the year were £2,000,000 (2019 - £1,800,000).

The expected contributions to the plan for the next reporting period are £2,987,000.

The scheme was most recently valued on 31 March 2019. At the valuation date the pension scheme's assets were less than the technical provisions and therefore the scheme was in deficit.

On 26 October 2018, the High Court ruled in the Lloyds Banking Group case that pension schemes must equalise Guaranteed Minimum Pensions ("GMP") between male and female members. As a result of this ruling, there was a one-off exceptional charge of £511,000 to the income statement for the year ended 30 June 2019 in respect of GMP equalisation.

Kier Integrated Services (Holdings) Limited

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

12 Retirement benefit obligations (continued)

Risks

There is a risk that significant changes in financial market conditions could lead to volatility in the defined benefit obligation from year to year. In addition, the scheme's asset position may also be volatile as it will be influenced by changes in market conditions.

The scheme deficit is measured by the trustees for funding purposes on a triennial basis. An increase in the measured deficit can lead to an increase in the pension payments made by the Company as part of the deficit recovery plans agreed with the trustees.

The risk of significant changes to the deficit position has been mitigated to an extent due to the asset hedging strategy in place for the scheme. The May Gurney scheme invests in a set of liability-driven investment funds managed by BMO. In combination, these funds are designed to hedge the scheme's sensitivity to changes in interest rates and inflation by reference to 100% of the value of the technical provisions liabilities.

The future pension risk has also been significantly reduced by closing the defined benefit scheme to future accrual.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2020 £ 000	2019 £ 000
Fair value of scheme assets	83,540	81,014
Present value of scheme liabilities	<u>(88,744)</u>	<u>(79,634)</u>
Defined benefit pension scheme (deficit)/surplus	<u>(5,204)</u>	<u>1,380</u>

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2020 £ 000	2019 £ 000
Fair value at start of year	81,014	75,116
Interest income	1,799	2,048
Return on plan assets, excluding amounts included in interest income/(expense)	6,584	7,599
Employer contributions	2,000	1,800
Benefits paid	<u>(7,857)</u>	<u>(5,549)</u>
Fair value at end of year	<u>83,540</u>	<u>81,014</u>

Kier Integrated Services (Holdings) Limited

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

12 Retirement benefit obligations (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2020 £ 000	2019 £ 000
Cash	12,448	3,172
Equities	14,644	18,149
Absolute return	10,414	13,361
Multi-asset	5,946	7,892
Liability-driven investments	33,730	36,912
Annuity policies	1,109	1,528
Corporate bonds	5,249	-
	<u>83,540</u>	<u>81,014</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2020 £ 000	2019 £ 000
Present value at start of year	79,634	76,211
Past service cost	-	511
Actuarial losses/(gains) arising from changes in demographic assumptions	2,332	(1,562)
Actuarial losses arising from changes in financial assumptions	9,187	7,702
Actuarial losses arising from experience adjustments	3,704	267
Interest costs	1,744	2,054
Benefits paid	<u>(7,857)</u>	<u>(5,549)</u>
Present value at end of year	<u>88,744</u>	<u>79,634</u>

Kier Integrated Services (Holdings) Limited

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

12 Retirement benefit obligations (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2020	2019
	%	%
Discount rate	1.6	2.3
Future salary increases	2.9	3.1
Pension increases in deferment	2.0	2.0
Inflation (RPI)	2.9	3.1
Rate of increase to pension payments liable for Limited Price Indexation - RPI (min 0%, max 5%)	2.8	3.0
Rate of increase to pension payments liable for Limited Price Indexation - RPI (min 0%, max 2.5%)	2.1	2.2
Rate of increase to pension payments liable for Limited Price Indexation - CPI (min 0%, max 3%)	1.8	1.9

Post retirement mortality assumptions

	2020	2019
	Years	Years
Current UK pensioners at retirement age - male	27.2	26.6
Current UK pensioners at retirement age - female	29.8	28.6
Future UK pensioners at retirement age - male	28.7	28.1
Future UK pensioners at retirement age - female	30.8	30.2

The mortality assumptions above are based on a retirement age of 60 years.

Amounts recognised in the income statement

	2020	2019
	£ 000	£ 000
Amounts recognised in operating loss		
Past service cost	-	(511)
Amounts recognised in finance income or costs		
Net interest costs	55	(6)
Total recognised in the income statement	55	(517)

Kier Integrated Services (Holdings) Limited

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

12 Retirement benefit obligations (continued)

Amounts taken to the Statement of Comprehensive Income

	2020 £ 000	2019 £ 000
Actuarial (losses)/gains arising from changes in demographic assumptions	(2,332)	1,562
Actuarial losses arising from changes in financial assumptions	(9,187)	(7,702)
Actuarial losses arising from experience adjustments	(3,704)	(267)
Return on plan assets, excluding amounts included in interest income	6,584	7,599
Amounts recognised in the Statement of Comprehensive Income	<u>(8,639)</u>	<u>1,192</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2020		2019	
	+ 0.25% £ 000	- 0.25% £ 000	+ 0.25% £ 000	- 0.25% £ 000
Adjustment to discount rate				
Decrease/(increase) in present value of total obligation	<u>4,000</u>	<u>(4,200)</u>	<u>3,400</u>	<u>(3,600)</u>
	2020		2019	
	+ 0.25% £ 000	- 0.25% £ 000	+ 0.25% £ 000	- 0.25% £ 000
Adjustment to rate of inflation				
(Increase)/decrease in present value of total obligation	<u>(2,800)</u>	<u>2,600</u>	<u>(3,300)</u>	<u>3,100</u>
	2020		2019	
	+ 1 Year £ 000	- 1 Year £ 000	+ 1 Year £ 000	- 1 Year £ 000
Members assumed to be one year older/younger in age				
Decrease/(increase) in present value of total obligation	<u>3,500</u>	<u>(3,500)</u>	<u>2,800</u>	<u>(2,800)</u>

13 Trade and other receivables

	2020 £ 000	2019 £ 000
Loans to related parties	2,028	2,025
Accrued income	4	7
Social security and other taxes	120	120
Total trade and other receivables	<u>2,152</u>	<u>2,152</u>

Loans to related parties are unsecured, repayable on demand and attract interest at a rate of between 0.85% and 4% (variable).

Kier Integrated Services (Holdings) Limited

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

14 Cash and cash equivalents

	2020	2019
	£ 000	£ 000
Cash at bank	<u>447</u>	<u>1,407</u>

15 Trade and other payables

	2020	2019
	£ 000	£ 000
Accrued expenses	2	2
Amounts due to related parties	<u>11,729</u>	<u>10,306</u>
Total trade and other payables	<u>11,731</u>	<u>10,308</u>

Amounts due to related parties are unsecured, repayable on demand and attract interest at 4% per annum.

16 Called up share capital

Allotted, called up and fully paid shares

	No.	2020	No.	2019
		£ 000		£ 000
Equity shares of £0.00001661 each	211,410,413,191	3,512	211,410,413,191	3,512
Deferred shares of £0.01000000 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>211,410,413,192</u>	<u>3,512</u>	<u>211,410,413,192</u>	<u>3,512</u>

Rights, preferences and restrictions

The Company has in issue 1 deferred share of 1 pence. The deferred share has the rights of an ordinary share, save that:

- the holder of the deferred share shall not be entitled to receive a dividend or other distribution or to have any other right to participate in the profits of the Company;
- the holder of the deferred share shall have no right to attend or vote at any general meeting of the Company; and
- the holder of the deferred share shall have no right to participate in a distribution arising from a winding up of the Company.

The deferred share is not redeemable.

Kier Integrated Services (Holdings) Limited

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

17 Reserves

Capital redemption reserve

The capital redemption reserve arose on the redemption of the Kier Integrated Services (Holdings) Limited cumulative convertible redeemable £1 preference shares in September 2004.

Merger relief reserve

On 8 June 2004, the Company issued 21,715 ordinary shares of £1 each at a premium amounting to £1.9m. The shares were issued as part consideration for the acquisition of the whole of the issued share capital of T J Brent Limited, accounted for using the purchase method of accounting. The premium over the nominal value of the shares issued was previously credited to a merger relief reserve as allowed under Section 612 of the Companies Act 2006.

ESOT reserve

Shares in the Company held by the ESOT and associated gains and losses on their sale are shown as a deduction in arriving at equity funds in the ESOT reserve. Following the acquisition by Kier Group plc on 8 July 2013, the ESOT received shares in Kier Group plc in exchange for its shares in Kier Integrated Services (Holdings) Limited, which are shown within investments.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Accumulated losses £ 000	Total £ 000
Remeasurements of post-employment benefit obligations	<u>(7,075)</u>	<u>(7,075)</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Retained earnings £ 000	Total £ 000
Remeasurements of post-employment benefit obligations	<u>989</u>	<u>989</u>

18 Contingent liabilities

The Company has given an unlimited guarantee, secured by fixed and floating charges over the Company's assets in respect of the facilities from Bank of Scotland, of a number of other Group companies. At 30 June 2020, the net indebtedness of these other Group companies amounted to £Nil (2019 - £Nil).

The Company has given joint and several guarantees securing indemnities given by other Group companies in respect of performance bonds which have been put in place to provide security for clients. These performance bonds are not exercisable on demand. At 30 June 2020, indemnities outstanding for other Group companies amounted to £4,530,000 (2019 - £4,524,000).

Kier Integrated Services (Holdings) Limited

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

19 Parent and ultimate parent undertaking

The Company's immediate parent is Kier Limited.

The ultimate parent is Kier Group plc.

The most senior parent entity producing publicly available financial statements, and in whose consolidated financial statements the Company's financial statements are consolidated, is Kier Group plc. These financial statements are available from Companies House and at www.kier.co.uk.

The ultimate controlling party is Kier Group plc.

Relationship between entity and parents

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

The address of Kier Group plc is:

81 Fountain Street

Manchester

M2 2EE

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

The parent of the 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:

81 Fountain Street

Manchester

M2 2EE

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