

K.I.(INVESTMENTS) LIMITED
Company Registration Number 1463191

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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K.I. (INVESTMENTS) LIMITED
Company registration number 1463191
DIRECTORS' REPORT

The directors present their Directors' Report and audited financial statements for the year ended 30 June 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is an investment holding company.

RESULTS AND DIVIDENDS

	2010 £	2009 £
The profit for the year after taxation dealt with in the accounts is:	<u>2,261,315</u>	<u>3,519,802</u>
Dividends - interim paid	<u>8,410,226</u>	<u>-</u>

DIRECTORS

The Directors of the Company during the year were -

P J Cave	MBA MEng CEng MICE MIMarE
T P Davies	ACA
T W Tagg	BSc(Hons) CEng MICE

The Articles of Association of the Company provide for the indemnification of its Directors out of the assets of the Company in the event that they suffer any loss or liability in the execution of their duties as directors. The Company has insurance in favour of its officers in respect of certain losses or liabilities to which they may be exposed due to their office.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company did not make any political or charitable donations that require disclosure or incur any political expenditure during the year.

DISCLOSURE OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware and each of us has taken all the steps that he or she ought to have taken in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

AUDITOR

In accordance with section 485 of the Companies Act 2006 a resolution to reappoint the auditor, KPMG Audit Plc, will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


T P Davies
DIRECTOR

Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

14 February 2011

K.I. (INVESTMENTS) LIMITED
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Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

K.I. (INVESTMENTS) LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF K.I. (INVESTMENTS) LIMITED

We have audited the financial statements of K I (Investments) Limited for the year ended 30 June 2010 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

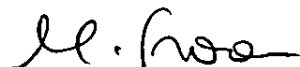
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



M Froom (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

Date

8 MARCH

February 2011

K.I. (INVESTMENTS) LIMITED
Company registration number 1463191

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
Administrative expenses		(170,466)	-
OPERATING (LOSS)		(170,466)	-
Income from shares in subsidiary undertakings		2,918,383	3,590,327
Amounts provided for diminution in value of investments in subsidiary undertakings	4	(81,948)	(347)
Amounts provided for against intercompany receivables		(386,524)	(62,383)
Write off investment in subsidiary undertaking		(710)	(7,795)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,278,735	3,519,802
Taxation	3	(17,420)	0
PROFIT FOR THE FINANCIAL YEAR	8	2,261,315	3,519,802

There is no difference between the historical cost result and the result stated above

The results shown above relate to continuing operations.

There are no recognised gains and losses other than the loss for the year.

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BALANCE SHEET AT 30 JUNE 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Investments	4	215,672	216,361
CURRENT ASSETS			
Debtors due within one year	5	480,163	6,553,965
		480,163	6,553,965
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	6	(74,420)	-
NET CURRENT ASSETS		405,743	6,553,965
TOTAL ASSETS LESS CURRENT LIABILITIES		621,415	6,770,326
NET ASSETS		621,415	6,770,326
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	621,315	6,770,226
SHAREHOLDERS' FUNDS	9	621,415	6,770,326

The financial statements were approved by the Board of Directors on 14 February 2011 and were signed on its behalf by


T P Davies
Director

K.I. (INVESTMENTS) LIMITED
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Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice)

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

The Company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary of another company incorporated in Great Britain.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the balance sheet date unless they are covered by forward foreign exchange contracts in which case the contract rates are used. Exchange differences arising from foreign currency transactions are reflected in the profit and loss account

The assets and liabilities of overseas subsidiary undertakings are translated at the exchange rates ruling at the balance sheet date. Trading profits or losses are translated at the average exchange rates prevailing during the accounting period. Exchange differences arising from the re-translation of net investments in overseas subsidiary undertakings at the year end rates are taken directly to reserves. All other translation differences are reflected in the profit and loss account.

Investments

Investments are recognised at cost less any provisions for impairment.

2. Profit on ordinary activities before taxation

The directors' emoluments are paid through holding companies

The directors of the Company participate in the Kier Group 1999 Long Term Incentive Plan, which is dependent upon performance of Kier Group plc over a three year period. Full details of the plan are disclosed in the Kier Group plc financial statements. There are no costs in respect of this scheme recorded in these financial statements.

There is no direct charge for auditor's remuneration in the financial statements of the Company in the current or preceding year. Their remuneration as auditor is borne by a fellow subsidiary.

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Notes to the financial statements (continued)

3. Taxation

(a) Analysis of charge in period	2010 £	2009 £
Current tax (FRS 16)		
UK corporation tax on profits for the year at 28% (2009. 28%)	17,420	-
	<hr/>	<hr/>
Total current tax (note 3 (b))	17,420	-
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	17,420	-
	<hr/>	<hr/>
(b): Factors affecting the tax charge for period	2010 £	2009 £
Profit on ordinary activities before tax	2,278,735	3,519,802
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	638,046	985,545
Effects of:		
Income from shares in subsidiary undertakings	(789,696)	(1,005,292)
Amounts provided for diminution in value of investments in subsidiary undertakings	115,909	17,564
Expenses not deducted for tax purposes	37,699	-
Write off investment in subsidiary undertaking	15,462	2,183
	<hr/>	<hr/>
Current tax charge for period (note 3 (a))	17,420	-
	<hr/>	<hr/>

(c) Factors that may affect future tax charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20th July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly.

4. Fixed assets – investments

	Cost £	Provision for Diminution in Value £	Net Book Value £
Cost at 1 July	266,504	(50,143)	216,361
Additions in year	81,969	-	81,969
Written off during the year	(710)	-	(710)
Movements during the year		(81,948)	(81,948)
	<hr/>	<hr/>	<hr/>
	347,763	(132,091)	215,672
	<hr/>	<hr/>	<hr/>

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Notes to the financial statements (continued)

5. Debtors

	2010 £	2009 £
Amounts falling due within one year:		
Amounts due from parent undertaking	480,163	6,553,965
	<hr/> 480,163	<hr/> 6,553,965
	<hr/> <hr/>	<hr/> <hr/>

During the year an amount of £386,524 has been written off Amounts due from subsidiary undertakings (2009: £62,383) reducing their balance to £Nil (2009: £Nil).

6. Creditors

	2010 £	2009 £
Amounts falling due within one year:		
Trade creditors	57,000	-
Corporation tax	17,420	-
	<hr/> 74,420	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

7. Called up share capital

	2010 £	2009 £
Ordinary shares of £1 each:		
Allotted, called up and fully paid – 100 shares	<hr/> 100	<hr/> 100

8. Profit and loss account

	2010 £	2009 £
At 1 July	6,770,226	3,250,424
Profit for the financial year	2,261,315	3,519,802
Dividends	(8,410,226)	-
	<hr/> 621,315	<hr/> 6,770,226
At 30 June	<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements (continued)

9. Reconciliation of movements in shareholder's deficit

	2010 £	2009 £
Profit for the financial year	2,261,315	3,519,802
Dividends	(8,410,226)	-
Net movement in shareholders' funds	(6,148,911)	3,519,802
Shareholders' funds at 1 July	6,770,326	3,250,524
Shareholders' funds at 30 June	621,415	6,770,326

10. Transactions with related parties

The ultimate holding company is Kier Group plc. In accordance with paragraph 3 (c) of Financial Reporting Standard No.8 "Related Party Transactions", the Company is exempt from disclosing details of arrangements with other companies in the Group. There are no other related party transactions.

11. Contingent liabilities

There are contingent liabilities in respect of guarantees and claims under contracting and other agreements, including joint arrangements, entered into in the normal course of business.

12. Ultimate holding company

The Company's immediate parent company is Kier International Limited. The ultimate holding company is Kier Group plc registered in England and Wales. The only group in which results of the Company are consolidated is that headed by Kier Group plc. Both these parent companies are registered in England and copies of their financial statements will be filed with Companies House, Crown Way, Cardiff where they will be available to the public.

13. Principal subsidiary companies

Subsidiary companies	Country of Incorporation (operations if different)	Percentage Interest
Kier Dubai LLC	United Arab Emirates	49
Kier Construction LLC	Abu Dhabi	49
Besix Kier Jamaica Limited	Jamaica	40
Kier Developments SRL	Romania	100