

Registration number: 01463191

Kier International (Investments) Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2021



Kier International (Investments) Limited

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Kier International (Investments) Limited

Company Information

Directors	Marcus Jones Mohamed Mulla Basil Mendonca
Company secretary	Jaime Tham
Registered office	2nd Floor, Optimum House, Clippers Quay Salford England M50 3XP
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors London

Kier International (Investments) Limited

Strategic Report for the Year Ended 30 June 2021

The directors present their strategic report for Kier International (Investments) Limited (the "Company") for the year ended 30 June 2021.

Fair review of the business

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

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

The Company is a holding company for the overseas incorporated construction subsidiaries of the Kier Group and the Company carries on no trade in its own right.

During the year the following provisions were made for insolvent subsidiaries:

- Amounts written off against investments in subsidiaries was (£3,761,999) (2020: (£342,036), and
- Release of provision for diminution in subsidiaries was £9,259,025 (2020: £9,957,171).

Accumulated losses for the company at the year end was £62,602,243 (2020: £68,291,292). The company is also reliant on the ongoing financial support of Kier Group plc in order to meet its liabilities.

Corporate responsibility

Please see the Environmental, Social and Governance report in the Kier Group plc 2021 Annual Report (pages 50 - 68 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) to (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 Kier 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.

The 2021 Annual Report of Kier Group plc (page 69) provides examples of how the Directors of Kier Group plc had regard to the matters set out in s172(1) (a) to (f) of the Companies Act 2006 during the year when performing their duty under section 172.

Kier International (Investments) Limited

Strategic Report for the Year Ended 30 June 2021 (continued)

Principal risks and uncertainties

The Company is party to the Kier Risk Management and Internal Control systems. This requires each company within the group to:

- identify risks and record them in a risk register;
- diagnose and qualify the risks as to their likelihood and impact, record the controls established and monitor their effectiveness;
- develop a plan to mitigate the likelihood and impact of the identified risks;
- regularly review the risk registers and action plans; and
- report key issues upwards to Kier Group plc.

The principal risks and uncertainties of the Company, including financial risk and management, are consistent with the principal risks of the Kier Group and are not managed separately.

Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 38 to 41 of Kier Group plc's Annual Report for the year ended 30 June 2021.

The Company's risk management policies can be found on page 9 of the financial statements.

Principal risks

Health and safety

Principal risk: failure to maintain a safe working environment and prevent a major incident.

The Company's operations are inherently complex and potentially hazardous and require the continuous management of safety, health and sustainability issues.

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; and
- Financial penalties arising from fines, legal action and project delays.

Mitigating actions:

- Minimise the operational impact of relaxing restrictions in the workplace and community;
- Continued focus on the five basics of SHE risk management; and
- Implementing the Kier Group's new sustainability framework, 'Building for a Sustainable World'; 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; and
- The loss of business and resultant reputational damage.

Mitigating actions:

- Appropriate policies that are regularly reviewed and relevant training to support policy implementation;
- Regular engagement with Government and Government agencies with respect to the Company's performance;
- Monitoring of, and planning for, the impact of new legislation and regulations; and
- Collaborative engagement with external stakeholders.

Kier International (Investments) Limited

Strategic Report for the Year Ended 30 June 2021 (continued)

Funding

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

Failure to maintain adequate financial liquidity and/or comply with 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:

- During the period, the Kier Group completed a capital raise, which together with the sale of Kier Living raised over £351m of gross proceeds for the Group. In support of the capital raise the Group secured an extension of a significant proportion of its committed funding to 31 January 2025 providing the Group with financial and operational flexibility to continue to pursue its strategic objectives.
- Effective cash forecasting and working capital management in combination with continued monitoring and prudent financial planning to ensure covenant compliance is maintained; and
- Continued collaborative engagement with customers, suppliers, HMRC, pension scheme trustees, banks, lenders and sureties.

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 of changes

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.

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.

Mitigating actions:

- To update the Company's standards for contract amendments;
- To cascade the Commercial Handbook into the business through webinars; and
- To implement the new Commercial Standards across the Company.

Kier International (Investments) Limited

Strategic Report for the Year Ended 30 June 2021 (continued)

People

Principal risk: failure to attract and retain key employees.

The Company's employees are critical to its current 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:

- Diversity and Inclusion roadmap;
- Wellbeing strategy;
- New leadership development offer in place; 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 and, as a result of COVID-19 bottlenecks and recovery, supply chain insolvencies, capacity, pricing, inflation volatility.

The Company relies on 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:

- To update the Kier subcontract to reflect the principles of the Construction Playbook;
- To place a Procurement Director directly into each business to deliver their supply chain management strategy; and
- To 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.

Kier International (Investments) Limited

Strategic Report for the Year Ended 30 June 2021 (continued)

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 from current conventional cyber risks could cause 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:

- Vulnerabilities are understood and mitigated;
- Certification to the Government's Cyber Essentials Plus Scheme and ISO 27001;
- Privileged access to all core systems subject to multi-factor authentication; systems run security agents for additional monitoring; and
- Advanced use of Microsoft Office 365, cloud and collaboration services.

Climate change

Principal risk: Failure to identify and effectively manage climate change risks and opportunities.

The Company's operations are subject to physical and financial climate change risks, while climate resilience measures offer opportunities to innovate and expand/enhance capabilities.

Potential impact:

- Failure to meet client and investor expectations or regulatory requirements; and
- Loss of opportunity to contribute to UK climate action policy and direction;
- Reputational damage;
- Failure to prepare/plan for physical and financial impacts of more extreme and frequent weather conditions affecting operations and supply chain.

Mitigating actions:

- Implementing the Kier Group's new sustainability framework, 'Building for a Sustainable World', particularly:
 - Net Zero Carbon pathway and Science Based Targets
 - Zero Avoidable Waste strategy
 - Sustainable Procurement strategy
- Sustainability Leadership Forum ('SLF'); chaired by Kier's CEO and supported by business stream SLFs that are led by a managing director or commercial director;
- Developing the climate risk and opportunities register and net zero management system to align with The Task Force on Climate-related Financial Disclosures ('TCFD') reporting and managing the financial risk of climate change; and
- Embracing modern methods of construction and product innovation to deliver low-carbon solutions for climate resilience.

Kier International (Investments) Limited

Strategic Report for the Year Ended 30 June 2021 (continued)

Other risks

Brexit

The new UK-EU Trade and Cooperation Agreement ('TCA') removed the uncertainty of a no-deal Brexit. While this has reduced the Brexit risk, uncertainty remains around the full effect of Brexit, and the ongoing impact this will have on our trading relationships.

The Group continues to work with its supply chain to maintain plans to ensure continuity of potentially critical supplies and continues to monitor and refresh its contingency plans for potential risk areas such as the workforce. We continue to work with, and update customers, by providing up to date analysis on availability and mitigation strategies of any resources that are becoming under pressure.

COVID-19

The focus of the Kier Group's management, and our colleagues, throughout the unprecedented COVID-19 pandemic was ensuring that, wherever it was safe to do so, the Group's activities remained safe and operational.

The pandemic highlighted the need to be agile and flexible in the way we operate and has brought about a fundamental shift in the way we work. As a result of the lessons learnt during this time, we have introduced the Kier way of working. In spite of the significant challenge of the pandemic, the Group has delivered well and has made significant progress on the 2019 operational and financial turnaround strategy.

Whilst the COVID-19 pandemic has a continued negative effect on the Group's results and operations, the impact has been effectively managed across our operations through contractual arrangements and extensive stakeholder engagement and communication.

The impact of the pandemic continues to be closely monitored by the Kier Group's Board and the Executive Committee with particular focus on maintenance of a safe working environment, supply chain, materials continuity and availability of critical workforce. We continue to be at the forefront of the sector approach to Site Operating Procedures and safe working practices.

We will respond to any ongoing Government restrictions and requirements and any further re-occurrence of the pandemic to ensure continued compliance. We are maintaining a watching brief of the extent and duration of lockdowns in Europe and will react accordingly.

Emerging risks

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

- Global recession;
- On-going COVID-19 bottlenecks and recovery impact;
- Continued development of the climate change risk agenda;
- Modern construction methods ('MCM') - embracing fast-paced changes in construction methods, linked to digital pace of change; and
- Short-term concerns regarding the volatility of key commodity prices.

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



Mohamed Mulla
Director

Kier International (Investments) Limited

Directors' Report for the Year Ended 30 June 2021

The directors of Kier International (Investments) Limited (the "Company") present their report and the audited financial statements for the year ended 30 June 2021.

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:

Anita Harris (resigned 8 October 2020)

Marcus Jones

Mohamed Mulla

Basil Mendonca (appointed 12 August 2021)

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 Group 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.

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 Company has well-established risk management and internal control systems to manage them.

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.

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

The Company relies on Kier Group borrowing facilities. Cash flow is forecast regularly to provide up-to-date and accurate information on the Company's current cash position and its future requirements. The Kier Group borrowing facilities have been recently renegotiated and extended.

There are foreign currency risks arising from our international operations in different currencies. Currency exposure to international assets is managed through inter-company balances and borrowings, so that assets denominated in foreign currencies are matched, as far as possible, by liabilities. Where there may be further exposure to currency fluctuations, forward exchange contracts may be completed to buy and sell foreign currency.

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 64 and 68 and on pages 83 to 85 of the 2021 Annual Report of Kier Group plc (available at www.kier.co.uk).

Future developments

The Company continues to support the overseas business of the Kier Group plc. However, following a strategic review of the Kier Group, Kier has concluded its existing projects and is in the process of winding down its entities in the Caribbean and Hong Kong.

Kier International (Investments) Limited

Directors' Report for the Year Ended 30 June 2021 (continued)

Disclosure of information to the auditors

In the case of each director in office at the date of 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.

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.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Kier Group plc. Kier Group plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment.

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.

Kier International (Investments) Limited

Directors' Report for the Year Ended 30 June 2021 (continued)

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.

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



.....
Mohamed Mulla
Director

Independent auditors' report to the members of Kier International (Investments) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kier International (Investments) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit 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 2021; 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.

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 2021 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, 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to anti-bribery and corruption legislation, tax legislation and the Companies Act, 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. 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 posting inappropriate journal entries and management bias. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

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.

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' remunerations 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.



Andrew Johns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 December 2021

Kier International (Investments) Limited

Income Statement for the Year Ended 30 June 2021

	Note	2021 £	2020 £
Revenue		-	-
Other gains	4	<u>5,678,949</u>	<u>8,729,059</u>
Operating profit		<u>5,678,949</u>	<u>8,729,059</u>
Profit before tax		<u>5,678,949</u>	<u>8,729,059</u>
Profit for the financial year		<u><u>5,678,949</u></u>	<u><u>8,729,059</u></u>

The above results were derived from continuing operations.

Kier International (Investments) Limited

Statement of Comprehensive Income for the Year Ended 30 June 2021

	2021	2020
	£	£
Profit for the financial year	<u>5,678,949</u>	<u>8,729,059</u>
Total comprehensive income for the year	<u><u>5,678,949</u></u>	<u><u>8,729,059</u></u>

Kier International (Investments) Limited

(Registration number: 01463191)

Statement of Financial Position as at 30 June 2021

		(As restated)	
	Note	2021 £	2020 £
Non-current assets			
Investments	7	6,928,304	10,690,303
Current assets			
Trade and other receivables	8	<u>1,532,906</u>	<u>1,350,983</u>
Total assets		8,461,210	12,041,286
Current liabilities			
Provisions	9	<u>(71,063,453)</u>	<u>(80,322,478)</u>
Net liabilities		<u>(62,602,243)</u>	<u>(68,281,192)</u>
Equity			
Called up share capital	13	100	100
Accumulated Losses		<u>(62,602,343)</u>	<u>(68,281,292)</u>
		<u>(62,602,243)</u>	<u>(68,281,192)</u>
Total equity		<u>(62,602,243)</u>	<u>(68,281,192)</u>

Details relating to the restatement are included in the prior year adjustment section within Note 2.

The financial statements on pages 14 to 26 were approved by the Board of Directors on 16 December 2021 and signed on its behalf by:



.....
Mohamed Mulla
Director

Kier International (Investments) Limited

Statement of Changes in Equity for the Year Ended 30 June 2021

	Share capital £	Accumulated Losses £	Total £
At 1 July 2019	100	(77,010,351)	(77,010,251)
Profit for the financial year	-	8,729,059	8,729,059
Total comprehensive expense	-	8,729,059	8,729,059
At 30 June 2020	100	(68,281,292)	(68,281,192)

	Share capital £	Accumulated Losses £	Total £
At 1 July 2020	100	(68,281,292)	(68,281,192)
Profit for the financial year	-	5,678,949	5,678,949
Total comprehensive income	-	5,678,949	5,678,949
At 30 June 2021	100	(62,602,343)	(62,602,243)

The notes on pages 18 to 26 form an integral part of these financial statements.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

1 General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom and registered in England.

The address of its registered office is:
2nd Floor, Optimum House, Clippers Quay
Salford
England
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 the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements have been prepared under the historical cost convention.

The company is wholly-owned subsidiary of Kier Group plc and is included in the consolidated financial statements of Kier Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Prior year adjustment

On review of the intercompany balances it was identified that an intercompany loan made to a subsidiary, Kier Construction LLC, in 2015 should have been accounted for as an investment rather than an intercompany balance. As a result, the prior year balance sheet has been restated to increase investments by £9,515,571 with a corresponding decrease in intercompany receivables. There is no impact on the reported net liabilities or profit for the year.

Foreign exchange

Exchange differences are recognised in the statement of comprehensive income, in the period in which they arise. The differences arise primarily from:

- i) Restatement of exchange differences on the entities foreign investments.
- ii) Restatement of foreign currency bank balances at the period closing rate.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Kier Group plc. Kier Group plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment.

Changes in accounting policy

The following new amendments to standards are effective for the financial year ended 30 June 2021 onwards:

- Amendments to IFRS 3 'Business Combinations' on the definition of a business
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting policies' on the definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7 (financial instruments standards) on interest rate benchmark reform
- Amendments to IFRS 16 'Leases' for COVID-19 related rent concessions

None of the above amendments to standards have had a material effect on the financial statements.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

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 tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Investments

Investments in subsidiary undertakings are included as cost less any provision for impairment.

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.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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 to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial instruments

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

The principal financial assets and liabilities of the Company are as follows:

(a) Trade receivables and trade payables

The Company has allocated receivables and payables due within 12 months of the balance sheet date to current with the remainder included in non-current.

A trade receivable is recognised when the Company has a right to consideration that is unconditional (subject only to the passage of time before payment is due). Trade receivables do not carry interest and are stated at their initial cost reduced by appropriate allowances for expected credit losses.

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land purchases, are discounted and recorded at their present value.

(b) Cash and cash equivalents

Cash and cash equivalents 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.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payment, business combinations, non-current assets held for sale, financial instruments, fair value measurements, capital management, revenue from contracts with customers, presentation of comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment property, presentation of a cash-flow statement, the effects of new standards not yet effective, impairment of assets and disclosures in respect of the compensation of key management personnel and of transactions with a management entity that provides key management personnel services to the company and requirements of IAS 1 paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136.

3 Critical accounting judgements and key sources of estimation uncertainty

Impairment of Investments

Investments in subsidiary undertakings are included as cost less any provision for impairment. The impairment of intercompany balances is reviewed at each accounting period. Where the recovery of such balances is deemed to be unlikely, the portion deemed as unrecoverable is written down through the income statement. Where subsidiaries are in a net liability position, provision for the liability is created after impairment of investments and intercompany balances.

Additional inter-company funding and foreign exchange movements could affect impairment of inter-company and provision in the future.

4 Other gains

	2021 £	2020 £
Amounts written off against investments in subsidiaries	(3,761,999)	(342,036)
Release of provision for diminution in subsidiaries	9,259,025	9,957,171
Tax credit/(charge) relating to UK tax resident subsidiaries	181,923	(886,076)
Total other gains	<u>5,678,949</u>	<u>8,729,059</u>

The Company makes full provision for the accumulated losses of its subsidiaries. The provision is calculated as the net amount of the subsidiaries' accumulated losses and the impairments already recognised against fixed asset investment and intercompany receivables. Where those assets are insufficient to cover the accumulated losses of the subsidiaries, the residual amount is treated as a provision in the Company's balance sheet. The provision reflects the funding requirements of the Company's subsidiaries.

Owing to a reduction in the accumulated losses in one of the subsidiaries, it has been possible to release part of the provision for diminution in investments in the year.

The tax credit/ (charge) relating to UK tax resident subsidiaries represents tax due to UK tax resident subsidiary companies owed from Kier Group for losses surrendered. The tax is not recognised in local accounts of the subsidiaries and is due to be settled with Kier International (Investments) Limited by other Group companies.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

5 Directors' remuneration

The Directors did not receive any remuneration for their services from the Company in the year (2020: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. In addition, there were no payments to key management personnel in either the current or preceding period.

6 Auditors' remuneration

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements for the current year and preceding period. Fees for the audit of the Company were £16,000 (2020: £15,000).

7 Investments

Subsidiaries	£
Cost or valuation	
At 1 July 2020 (restated)	<u>18,225,736</u>
At 30 June 2021	<u>18,225,736</u>
Impairment	
At 1 July 2020	(7,535,433)
Impairment in year	<u>(3,761,999)</u>
At 30 June 2021	<u>(11,297,432)</u>
Carrying amount	
At 30 June 2021	<u>6,928,304</u>

Details relating to the restatement are included in the prior year adjustment section within Note 2.

Details of the subsidiaries as at 30 June 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held		
			2021	2020	
Kier Dubai LLC	Construction	3	49% 100%	/ 49% 100%	/
Kier Construction LLC *	Construction	6	49% 100%	/ 49% 100%	/
Kier Construction SA	Construction	2	100% 100%	/ 100% 100%	/
Kier Construction Limited *	Construction	1	100% 100%	/ 100% 100%	/

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

7 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held		
			2021	2020	
Saudi Kier Construction Limited *	Construction	4	10% / 100%	10% / 100%	/
Kier Malaysia SDN BHD (in liquidation)	Dormant	5	100% / 100%	100% / 100%	/

* indicates direct investment of Kier Infrastructure and Overseas Limited, the Company's parent company.

Details of registered offices

- 1 c/o Grant Thornton, Cnr Bank Street and West Independence Sq Street, Basseterre, Saint Kitts and Nevis
- 2 151 Angle Avenue, Jean Paul II et Impasse Duverger, Turgeau, Port-au-Prince, Republic of Haiti
- 3 Unit 1501, P.O. Box 24461, Thuraya Tower, TECOM, Dubai, United Arab Emirates
- 4 P0 Box 677 4th Floor, ATCO Building, King Khaled Road, Dammam 31421, Kingdom of Saudi Arabia
- 5 9-5 & 7-5, Jalan 8/146, Bandar Tasik Selatan, Kuala Lumpur, 57000 Sg.Besi, Malaysia
- 6 Unit 869, P0 Box: 61967 Level 08, Aya Business Center, Al Gaith Tower, Hamdan Street, Abu Dhabi, United Arab Emirates

8 Trade and other receivables

	(As restated)	
	2021	2020
	£	£
Receivables from related parties	1,532,906	1,350,983
	<u>1,532,906</u>	<u>1,350,983</u>

Amounts receivable from group companies are short term and interest free amounts which are repayable on demand.

Details relating to the restatement are included in the prior year adjustment section within Note 2.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

9 Provisions

	Other provisions £	Total £
At 1 July 2020	80,322,478	80,322,478
Decrease in existing provisions	(9,259,025)	(9,259,025)
At 30 June 2021	<u>71,063,453</u>	<u>71,063,453</u>

The Company makes full provision for the accumulated losses of its subsidiaries. The provision is calculated as the net amount of the subsidiaries' accumulated losses and the impairments already recognised against fixed asset investment and intercompany receivables. Where those assets are insufficient to cover the accumulated losses of the subsidiaries, the residual amount is treated as a provision in the Company's balance sheet. The provision reflects the funding requirements of the Company's subsidiaries. Accordingly, a provision of £71,063,453 (2020: £80,322,478) has been recorded to recognise the subsidiaries' obligations at the balance sheet date.

10 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.

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

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

These financial statements are available upon request from Companies House and at www.kier.co.uk.

12 Parent and ultimate parent undertaking

The Company's immediate parent is Kier International 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, Crown Way, Cardiff

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:

2nd Floor, Optimum House, Clippers Quay, Salford, England, M50 3XP

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

12 Parent and ultimate parent undertaking (continued)

Copies of the financial statements for this company can be obtained from Companies House, Crown Way, Cardiff where they will be available to the public, and 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:

2nd Floor, Optimum House, Clippers Quay, Salford, England, M50 3XP

Copies of the financial statements for this company can be obtained from Companies House, Crown Way, Cardiff where they will be available to the public.

13 Called share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

14 Non adjusting events after the financial period

No post balance sheet events to disclose.