

Registration number: 02100338

Kier National Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2021

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Kier National Limited

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Kier National Limited

Company Information

Directors	Mark Pengelly Nigel Quelch Basil Mendonca
Company secretary	Jaime Tham
Registered office	2nd Floor Optimum House Clippers Quay Salford M50 3XP
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Kier National Limited

Strategic Report for the Year Ended 30 June 2021

The directors present their strategic report for Kier National 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 Company is a holding company for the Group's civil engineering, mining and overseas businesses. The principal activities of these businesses include large-scale civil engineering projects and open-cast mining in the UK, including design & project management services, and overseas construction services. As a non-trading holding company the directors do not use any specific KPIs to measure the performance of the Company.

The Company's profit before tax was £nil (2020: £nil), as the company received interest income on its bank balance of £nil (2020: £nil). Net liabilities are £1,851,000 (2020: £1,977,000).

The Company is expected to continue as a non-trading holding company within the Kier Group. The directors have received a letter of support from the directors of Kier Group plc, the Company's ultimate parent company, pledging support to allow the Company to meet its obligations.

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.

Principal risks and uncertainties

As the holding company of the Kier Infrastructure and Overseas group, the principal risks and uncertainties of the Company, including financial risk management, are consistent with the principal risks of Kier Infrastructure and Overseas Limited and are not managed separately.

Accordingly, the principal risks and uncertainties of the Kier Infrastructure and Overseas Group, which include those of the Company, are disclosed on pages 3 to 8 of Kier Infrastructure and Overseas Limited's financial statements for the year ended 30 June 2021.

Strategy

Principal risk: Failure to deliver the Company's strategy.

The Company fails to deliver its strategy in terms of medium-term strategic objectives.

Kier National Limited

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

Potential impact:

- An adverse impact on the Company's net debt and liquidity;
- Failure to secure positions on national and regional frameworks; and
- Failure to meet stakeholders' expectations may lead to a decline in confidence in the Company.

Mitigating actions:

- Delivery of the balance sheet strategy;
- Delivery of our Performance Excellence culture;
- Continued focus on cash management; and
- Effective communication with stakeholders.

Cyber, IT security and data protection

Principal risk: The Company is exposed to cyber, IT security or data protection breaches.

Failure to keep up to date with modern attack landscape as well as protecting 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 National Limited

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

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.

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, 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.

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.

Kier National Limited

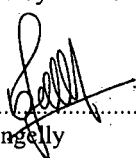
Strategic Report for the Year Ended 30 June 2021 (continued)

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 15 December 2021 and signed on its behalf by:


.....
Mark Pengelly
Director

Kier National Limited

Directors' Report for the Year Ended 30 June 2021

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

Principal activity

The principal activity of the Company is the holding of subsidiary undertakings engaged in civil engineering, building and mining contracts, including the provision of design and project management services.

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:

Mark Pengelly

Nigel Quelch

Basil Mendonca (appointed 12 August 2021)

Dividends

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

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 will continue to hold investments in its trading subsidiaries.

Directors' liability insurance

The articles of association of the Company entitle the directors of the Company, to the extent permitted by the Companies Act 2006 and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as directors of the Company.

In addition, Kier maintains insurance for the directors and officers of companies within the Kier Group to cover certain losses or liabilities to which they may be exposed due to their office.

Statement of directors' responsibilities

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.

Kier National Limited

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

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.

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.

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.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Kier Group plc. The directors have received confirmation that Kier Group plc intends to provide continuous financial support to the Company for a period of not less than one year from the date of signing of these financial statements.

Kier National Limited

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

Approved by the Board on 15 December 2021 and signed on its behalf by:

.....
Mark Pengelly
Director



Independent auditors' report to the members of Kier National Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kier National 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 tax legislation and data protection rules, 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 to understand any non-compliance with laws and regulation and fraud;
- Testing of journal entries which met a defined risk criteria.

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' 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.



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

Kier National Limited

Income Statement for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Revenue		-	-
Operating profit/(loss)		-	-
Profit/(loss) before taxation		-	-
Income tax credit	7	126	-
Profit for the financial year		126	-

The above results were derived from continuing operations.

Kier National Limited

Statement of Comprehensive Income for the Year Ended 30 June 2021

	2021	2020
	£ 000	£ 000
Profit for the financial year	<u>126</u>	<u>-</u>
Total comprehensive income for the year	<u><u>126</u></u>	<u><u>-</u></u>

The notes on pages 16 to 24 form an integral part of these financial statements.


Kier National Limited

(Registration number: 02100338)

Statement of Financial Position as at 30 June 2021

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Investments	8	55,534	55,534
Deferred tax assets	7	524	-
		<u>56,058</u>	<u>55,534</u>
Current liabilities			
Trade and other payables	9	(57,393)	(57,393)
Income tax liability	7	(516)	(118)
		<u>(57,909)</u>	<u>(57,511)</u>
Net liabilities		<u>(1,851)</u>	<u>(1,977)</u>
Equity			
Called up share capital	10	4,000	4,000
Accumulated losses		<u>(5,851)</u>	<u>(5,977)</u>
Total equity		<u>(1,851)</u>	<u>(1,977)</u>

The financial statements on pages 12 to 24 were approved by the Board of Directors on 15 December 2021 and signed on its behalf by:



 Mark Pengelly
 Director

The notes on pages 16 to 24 form an integral part of these financial statements.

Kier National Limited

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

	Called up share capital £ 000	Accumulated losses £ 000	Total £ 000
At 1 July 2019	4,000	(5,977)	(1,977)
At 30 June 2020	4,000	(5,977)	(1,977)
At 1 July 2020	4,000	(5,977)	(1,977)
Profit for the financial year	-	126	126
Total comprehensive income	-	126	126
At 30 June 2021	4,000	(5,851)	(1,851)

The notes on pages 16 to 24 form an integral part of these financial statements.

Kier National 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.

The address of its registered office is:

2nd Floor
Optimum House
Clippers Quay
Salford
M50 3XP

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

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

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.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the Company's ultimate parent company, Kier Group plc. The directors have received a letter from the directors of Kier Group plc, pledging support to allow the Company to meet its obligations.

Further details on the Company's going concern assessment are included in the Directors' Report on page 10.

Kier National Limited

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

2 Accounting policies (continued)

Exemption from preparing group financial statements

The financial statements contain information about Kier National 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 ultimate parent, Kier Group plc, a company incorporated in United Kingdom.

Adjusting events after the financial period

There were no adjusting events after the reporting period.

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.

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 tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Investments

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

Kier National Limited

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

2 Accounting policies (continued)

Financial instruments

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

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

(a) Trade receivables and trade payables

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

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

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

Amounts owing under supply chain finance arrangements are included within trade payables rather than bank debt. The purpose of supply chain finance is purely to grant subcontractors and suppliers access to credit and improve their cashflows. There have been no changes to the underlying terms of the supply chain finance arrangements.

The designation in trade payables is due to the assignment of invoice rather than a novation, the Company acting as an agent with fees related to supply chain finance being borne by the supplier and the final payment date to the bank being set by the Company with interest accrued for any late payments.

(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.

3 Critical accounting judgements and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of investments

The Company tests annually whether investments have suffered any impairment. The recoverable amounts of subsidiaries are determined based on value-in-use. These calculations require the use of estimates regarding future cash flows, future growth rates and an appropriate discount factor. Any reasonably possible change in the key assumptions would not result in any shortfall in the recoverable amount as compared to the carrying amount.

4 Staff costs

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

Kier National 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

Auditors remuneration of £16,000 (2020: £15,000) has been borne by Kier Group Plc, a fellow group company.

7 Income tax expense

Tax charged in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	398	-
Deferred taxation		
Arising from changes in tax rates and laws	(126)	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(398)</u>	<u>-</u>
Total deferred taxation	<u>(524)</u>	<u>-</u>
Tax receipt in the income statement	<u>(126)</u>	<u>-</u>

The deferred tax balance at the year end has been recognised at 25% which is the enacted corporation tax rate that will be effective from 1 April 2023.

In the Spring Budget of 2021 the Government announced the rate of corporation tax will increase from 1 April 2023 to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be taper relief for businesses with profits between £50,000 and £250,000. The corporation tax rate increase was included in Finance Bill 2021 and the Bill was substantively enacted on 24 May 2021.

Kier National Limited

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

7 Income tax expense (continued)

The tax on profit before taxation for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit/(loss) before taxation	-	-
Corporation tax at standard rate	-	-
Increase in current tax from adjustment for prior periods	398	-
Deferred tax credit from unrecognised temporary difference from a prior period	(398)	-
Deferred tax credit relating to changes in tax rates or laws	(126)	-
Total tax credit	(126)	-

Kier National Limited

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

7 Income tax expense (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 July 2020 £ 000	Recognised in income £ 000	At 30 June 2021 £ 000
Tax losses carry-forwards	-	398	398
Effect of changes in tax rates	-	126	126
Net tax assets	-	524	524

Deferred tax movement during the prior year:

	At 1 July 2019 £ 000	At 30 June 2020 £ 000
Tax losses carry-forwards	-	-
Effect of changes in tax rates	-	-
Net tax assets	-	-

8 Investments

	£ 000
Subsidiaries	
Cost or valuation	
At 1 July 2020	91,099
Disposals	(13,750)
At 30 June 2021	77,349
Provision	
At 1 July 2020	35,565
Eliminated on disposals	(13,750)
At 30 June 2021	21,815
Carrying amount	
At 30 June 2021	55,534
At 30 June 2020	55,534

Kier National Limited

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

8 Investments (continued)

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

Name of subsidiary	Principal activity	Registered office ¹	Proportion of ownership interest and voting rights held	
			2021	2020
Kier Build Limited*	Construction	1	100%	100%
Kier Infrastructure and Overseas Limited*	Construction	1	100%	100%
Kier Minerals Limited	Construction	1	100%	100%
Kier Professional Services Limited	Construction	1	100%	100%
Saudi Kier Construction Limited	Construction	2	100%	100%
Kier International Limited	Construction	1	100%	100%
Kier Caribbean and Industrial Limited	Dormant	1	100%	100%
Kier Jamaica Development Limited	Dormant	1	100%	100%
Kier Mining Investments Limited	Dormant	1	100%	100%
Kier Overseas (Four) Limited	Dormant	1	100%	100%
Kier Overseas (Nine) Limited	Construction	1	100%	100%
Kier Overseas (Seventeen) Limited	Construction	1	100%	100%
Kier Overseas (Twenty-Three) Limited	Construction	1	100%	100%
T H Construction Limited	Construction	1	100%	100%
Kier International (Investments) Limited	Investment holding company	1	100%	100%
Kier Construction SA	Construction	3	100%	100%
Kier Construction Limited	Construction	6	100%	100%
Kier Construction LLC	Construction	4	49%	49%

Kier National Limited

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

8 Investments (continued)

Name of subsidiary	Principal activity	Registered office ¹	Proportion of ownership interest and voting rights held	
			2021	2020
Kier Dubai LLC	Construction	5	49%	49%
Kier (Malaysia) SDN. BHD,	In liquidation	7	100%	100%

*indicates direct investment of the Company

¹See list of registered offices below

Registered offices

1. 2nd Floor, Optimum House, Clippers Quay, Salford, MK50 3XP, UK
2. P.O Box 667, 4th Floor, ATCO Building, King Khaled Road, Dammam-31421, Kingdom of Saudi Arabia
3. 151 Angle Avenue, Jean Paul II et Impasse Duverger, Turgeau, Port-au-Prince, Haiti
4. Unit 869, PO Box: 61967 Level 08, Al Gaith Tower, Hamdan Street, Abu Dhabi, United Arab Emirates
5. Unit 1501, P.O. Box 24461, Thuraya Tower, Plot No C-008-001, TECOM, Dubai, United Arab Emirates
6. c/o Grant Thornton, Cnr Bank Street and West Independence Sq Street, Basseterre, Saint Kitts and Nevis
7. 9 - 5 & 7 - 5 Jalan 7/146, Bandar Tasik Selatan, Kuala Lumpur, 57000 Malaysia

9 Trade and other payables

	2021	2020
Current	£ 000	£ 000
Amounts due to related parties	57,393	57,393

Amount due to related parties are interest free and repayable on demand.

10 Called up share capital

Allotted, called up and fully paid shares

	No.	2021 £ 000	No.	2020 £ 000
Ordinary shares of £1 each	4,000,100	4,000	4,000,100	4,000

11 Contingent liabilities

The Company and other group companies are parties to cross guarantees in respect of group (Kier Group) banking arrangements.

Kier National Limited

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

12 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 is Kier Group plc. These financial statements are available upon request from Companies House and 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:

2nd Floor
Optimum House
Clippers Quay
Salford
M50 3XP

Further information on Kier Group plc can be obtained from 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
M50 3XP

Further information on Kier Group plc can be obtained from www.kier.co.uk.

13 Non adjusting events after the financial period

There were no adjusting events after the reporting period.