

Registration number: 02127111

Kier Project Investment Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2019



Kier Project Investment Limited

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Kier Project Investment Limited

Company Information

Directors	Mr Lee Howard Mr Thomas George Gilman Mr Andrew Nicholas Cenwulf Storey Mr Leigh Parry Thomas
Company secretary	Mr Philip Higgins

Registered office	Tempsford Hall Sandy Bedfordshire SG19 2BD
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Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
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Kier Project Investment Limited

Strategic Report for the Year Ended 30 June 2019

The directors present their strategic report for Kier Project Investment Limited (the "Company") for the year ended 30 June 2019.

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 investment in student accommodation joint ventures in Southampton, Newcastle and Glasgow. The Company also has a local asset backed vehicle joint venture with Watford Borough Council which during the year delivered profit of £1.8m. During the year the Company's student accommodation joint ventures sold an asset in Glasgow and completed construction on an asset in Southampton. The Company continues to invest in its Watford joint venture as it progresses with further phases.

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

	Unit	2019	2018
(Loss)/profit for the financial year	£000's	(10)	12,219
Net assets	£000's	22,614	28,624

The Company made a loss in the financial year primarily due to the revaluation loss that was recognised in the Newcastle student accommodation joint venture.

Corporate responsibility

The Kier Group attaches great importance to its corporate responsibility, as evidenced in the Sustainability section in the Kier Group plc 2019 Annual Report, available at www.kier.co.uk. As a member of the Kier Group, the Company abides by the same principles.

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal controls and for ensuring that significant risks are identified and appropriately managed. The Board has delegated the review of the effectiveness of the Company's risk management processes to the Kier Group Risk Management and Audit Committee ("RMAC"), including the systems established to identify, assess, manage and monitor risk. The risks faced by the Company are reviewed by the RMAC on a quarterly basis.

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. The principal risks as relevant to the Company are set out below, together with a summary of the actions taken to mitigate each risk.

Kier Project Investment Limited

Strategic Report for the Year Ended 30 June 2019 (continued)

Safety, health and sustainability

Principal risk: failure to maintain a safe and sustainable 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:

- Continuation of the Kier Group's safety, health and environment ("SHE") behavioural change programme;
- Continued focus on the five basics of SHE risk management; and
- Setting a tone from the top through activities such as senior management visible leadership tours.

Regulation

Principal risk: failure to manage increased scrutiny and oversight and/or comply with new regulations.

The sectors in which the Company operates are subject to increasing scrutiny from stakeholders, oversight from regulators and requirements 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:

- 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 Project Investment Limited

Strategic Report for the Year Ended 30 June 2019 (continued)

Operating model

Principal risk: the Kier Group's Future Proofing Kier ("FPK") programme does not result in an efficient operating model.

The Company's future performance is in part dependent on the FPK programme delivering significant cost savings and an efficient operating model.

Potential impact:

- The Company does not meet its profit targets;
- The Company is unable to tender effectively for new business; and
- Decisions are not made efficiently and/or effectively.

Mitigating actions:

- Close project management of the FPK programme;
- Effectively communicate the benefits of the FPK programme to maintain its momentum; and
- Challenge the business to implement material, sustainable change.

Approved by the Board on 18 December 2019 and signed on its behalf by:



Mr Lee Howard
Director

Kier Project Investment Limited

Directors' Report for the Year Ended 30 June 2019

The directors of Kier Project Investment Limited (the "Company") present their report and the audited financial statements for the year ended 30 June 2019.

Results and dividends

The company delivered a loss after tax of £10k in the financial year (2018: profit of £12,219k). A dividend of £6,000k was paid during the financial year (2018: £nil).

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:

Mr Lee Howard

Mr Thomas George Gilman (appointed 5 December 2018)

Mr Andrew Nicholas Cenwulf Storey (appointed 5 December 2018)

Mr Leigh Parry Thomas

Going concern

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company has adequate financial resources together with long term contracts with a number of customers and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The accounting policies described in pages 15 to 18 have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Directors' liability insurance

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

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

Reappointment of independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Kier Project Investment Limited

Directors' Report for the Year Ended 30 June 2019 (continued)

Approved by the Board on 18 December 2019 and signed on its behalf by:



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Mr Lee Howard
Director

Kier Project Investment Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also 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 of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Kier Project Investment Limited

Independent auditors' report to the members of Kier Project Investment Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kier Project Investment Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 June 2019; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

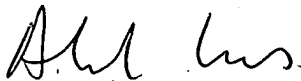
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Alex Lazarus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 December 2019

Kier Project Investment Limited

Income Statement for the Year Ended 30 June 2019

	Note	2019 £ 000	2018 £ 000
Revenue	5	555	894
Cost of sales		<u>(1,133)</u>	<u>(87)</u>
Gross (loss)/profit		(578)	807
Administrative expenses		3	166
Share of post-tax results from joint ventures		(487)	7,932
Profit on disposal of subsidiary	6	872	-
Profit on disposal of joint ventures	7	<u>219</u>	<u>2,692</u>
Operating profit before exceptional items		29	11,597
Exceptional item	8	<u>-</u>	<u>1,057</u>
Operating profit	9	<u>29</u>	<u>12,654</u>
Finance income	10	582	714
Finance costs	11	<u>(72)</u>	<u>(487)</u>
Net finance income		<u>510</u>	<u>227</u>
Profit before taxation		539	12,881
Income tax expense	12	<u>(549)</u>	<u>(662)</u>
(Loss)/profit for the financial year		<u><u>(10)</u></u>	<u><u>12,219</u></u>

The above results were derived from continuing operations.

Kier Project Investment Limited

Statement of Comprehensive Income for the Year Ended 30 June 2019

	2019 £ 000	2018 £ 000
(Loss)/profit for the financial year	(10)	12,219
Items that may be reclassified subsequently to profit or loss		
Gain on cash flow hedge (net)	-	1,925
Total comprehensive (expense)/income for the year	<u>(10)</u>	<u>14,144</u>

The notes on pages 15 to 26 form an integral part of these financial statements.


Kier Project Investment Limited

(Registration number: 02127111)

Statement of Financial Position as at 30 June 2019

	Note	2019 £ 000	2018 £ 000
Non-current assets			
Deferred tax assets	12	5	5
Property, plant and equipment	13	118	128
Investments	14	29,952	28,990
		<u>30,075</u>	<u>29,123</u>
Current assets			
Trade and other receivables	15	3,705	3,417
Cash and cash equivalents	16	23,405	23,390
		<u>27,110</u>	<u>26,807</u>
Total assets		<u>57,185</u>	<u>55,930</u>
Current liabilities			
Trade and other payables	17	(32,664)	(24,948)
Current tax liability		<u>(1,907)</u>	<u>(2,358)</u>
		<u>(34,571)</u>	<u>(27,306)</u>
Net assets		<u>22,614</u>	<u>28,624</u>
Equity			
Called up share capital	19	4,900	4,900
Share premium reserve		2,450	2,450
Capital redemption reserve		898	898
Profit and loss account		<u>14,366</u>	<u>20,376</u>
		<u>22,614</u>	<u>28,624</u>
Total equity		<u>22,614</u>	<u>28,624</u>

The financial statements on pages 11 to 26 were approved by the Board of Directors on 18 December 2019 and signed on its behalf by:



 Mr Lee Howard
 Director

Kier Project Investment Limited

Statement of Changes in Equity for the Year Ended 30 June 2019

	Called up share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Cash flow hedging reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 July 2017	4,900	2,450	898	-	8,157	16,405
Prior period adjustment	-	-	-	(1,925)	-	(1,925)
At 1 July 2017 (As restated)	4,900	2,450	898	(1,925)	8,157	14,480
Profit for the financial year	-	-	-	-	12,219	12,219
Other comprehensive income	-	-	-	1,925	-	1,925
Total comprehensive income for the year	-	-	-	1,925	12,219	14,144
At 30 June 2018	4,900	2,450	898	-	20,376	28,624

	Called up share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Cash flow hedging reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 July 2018	4,900	2,450	898	-	20,376	28,624
Loss for the financial year	-	-	-	-	(10)	(10)
Total comprehensive expense for the year	-	-	-	-	(10)	(10)
Dividends	-	-	-	-	(6,000)	(6,000)
At 30 June 2019	4,900	2,450	898	-	14,366	22,614

The notes on pages 15 to 26 form an integral part of these financial statements.

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019

1 General information

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

The address of its registered office is:

Tempsford Hall

Sandy

Bedfordshire

SG19 2BD

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

No material accounting estimates have been used in the preparation of these financial statements.

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, 'the Financial Reporting Standard applicable in the United Kingdom' and the Companies Act 2006. They have also been prepared on a going concern basis under the historic cost convention.

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101:

IAS 7: Complete exemption from preparing a cash flow statement and related notes;

IFRS 2: Exemption from certain disclosures in respect of share based payments for arrangements involving equity instruments of another Group entity;

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

IAS 36: Exemption from disclosures for each cash generating unit which contains goodwill, in particular in relation to assumptions and sensitivities;

IFRS 7: Complete exemption from all of the disclosure requirements of IFRS 7, Financial Instruments, other than for those instruments where these disclosures are still required to comply with the law;

IFRS 13: Complete exemption from all of the disclosure requirements of IFRS 13, Fair value measurement;

IAS 24: Exemption from disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member;

IAS 24: Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity;

IAS 1: Exemption from comparatives for movements on property, plant & equipment, intangible assets and share capital; and

IFRS 15: Exemption from certain disclosures in respect of revenue from contracts with customers; and the Company is exempt under section 400 of the Companies Act 2006 from the obligation to prepare group financial statements and to deliver them to the registrar to Companies as it is a wholly owned subsidiary of another company incorporated in the United Kingdom.

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Changes in accounting policy

The following new standards and amendments to standards are effective for the financial year ended 30 June 2019 onwards:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- Amendments to IFRS 2 'Share-based Payments'
- Amendments to IFRS 4 'Insurance Contracts'
- Amendments to IAS 40 'Investment Property'
- Annual Improvements to 2014-2016 cycle
- IFRS 1 and IAS 28 amendments
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

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

Changes resulting from adoption of IFRS 9 and IFRS 15

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' with effect from 1 July 2018 using the cumulative effect method, and as such comparative information has not been restated.

IFRS 9 'Financial Instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets; and hedge accounting.

The Company reports that no adjustments or restatement as a result of adopting IFRS 9 is required.

IFRS 15 'Revenue from Contracts with Customers'

The adoption of IFRS 15 has resulted in changes in the company's accounting policies for the recognition and measurement of revenue.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations, introducing a five step approach to revenue recognition and applies to all revenue arising from contracts with its customers. This is explained in more detail in the Revenue Recognition policy.

The Company reports that no adjustments or restatement as a result of adopting IFRS 15 is required.

Revenue and profit recognition

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts.

Revenue in this Company is fee income billed to the joint ventures for accountancy and project management fees.

Tax

The tax expense for the period comprises current 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.

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Photovoltaic panels	4% per annum

Investments

Investments in joint ventures are accounted for at the cost of the initial capital contribution and profits recognised via equity accounting shown in the financial statement under share of joint venture profits. Investments in subsidiaries and associates are held at cost. For the joint ventures that we have 75% ownership of we only have 50% of voting rights so joint control with our joint venture partner.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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.

Dividends

A dividend was approved to be paid in the year by the Company for £6,000,000. This is shown in the financial statements.

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.

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

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.

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.

(c) 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.

(d) Bank and other borrowings

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

3 Auditors' remuneration

Audit fees are payable by another Group Company.

4 Employee information

The Company had no employees during either year.

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

5 Revenue

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

	2019	2018
	£ 000	£ 000
Fee income	<u>555</u>	<u>894</u>

6 Profit on disposal of subsidiary

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

	2019	2018
	£ 000	£ 000
Profit on disposal	<u>872</u>	<u>-</u>

During the year the Company sold its investment in the subsidiary Social Power (Harlow) Holdings Limited. The sales proceeds were £1.0m and the subsidiary was held at a book value of £0.1m.

7 Profit on disposal of joint ventures

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

	2019	2018
	£ 000	£ 000
Profit on disposal	<u>219</u>	<u>2,692</u>

During the year the Company sold its investment in Hub SW Ayr Holdco Limited. The proceeds from the sale were £0.8m and our investment in this joint venture was £0.6m.

8 Exceptional item

The exceptional item of £1.1m which is included in the 2018 result is as a result of the sale of the Companies 50% investment in BioGen Holdings Limited. This sale completed in 2017 and resulted in a loss on disposal of £7.9m and included a provision of £1.1m to indemnify any costs associated with the sale. This ended up not being required so was released in 2018.

9 Operating profit

Arrived at after charging:

	2019	2018
	£ 000	£ 000
Depreciation	<u>10</u>	<u>8</u>

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

10 Finance income

	2019 £ 000	2018 £ 000
Interest income on bank deposits	<u>582</u>	<u>714</u>

11 Finance costs

	2019 £ 000	2018 £ 000
Interest on bank overdrafts and borrowings	<u>72</u>	<u>487</u>

12 Income tax expense

Tax charged in the income statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	348	1,606
UK corporation tax adjustment to prior periods	<u>201</u>	<u>(946)</u>
	<u>549</u>	<u>660</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	-	222
Arising from changes in tax rates and laws	-	(24)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>-</u>	<u>(196)</u>
Total deferred taxation	<u>-</u>	<u>2</u>
Tax expense in the income statement	<u>549</u>	<u>662</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

12 Income tax expense (continued)

	2019 £ 000	2018 £ 000
Profit before taxation	<u>539</u>	<u>12,881</u>
Corporation tax at standard rate	102	2,447
Increase/(decrease) in current tax from adjustment for prior periods	201	(1,142)
Decrease from effect of capital allowances depreciation	-	(485)
Decrease from effect of revenues exempt from taxation	(207)	-
Increase from effect of expenses not deductible in determining taxable profit / tax loss	36	-
Increase/(decrease) from effect of joint-ventures and associates results reported net of tax	<u>417</u>	<u>(158)</u>
Total tax charge	<u>549</u>	<u>662</u>

The deferred tax balance as at the year end has been recognised at 17.0% (2018: 17%) which is the enacted corporation tax rate that will be effective from 1 April 2020.

Deferred tax

Deferred tax assets

Deferred tax movement during the year:

	At 1 July 2018 £ 000	At 30 June 2019 £ 000
Accelerated tax depreciation	<u>5</u>	<u>5</u>

13 Property, plant and equipment

	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation		
At 1 July 2018	<u>234</u>	<u>234</u>
At 30 June 2019	<u>234</u>	<u>234</u>
Accumulated depreciation		
At 1 July 2018	106	106
Charge for the year	<u>10</u>	<u>10</u>
At 30 June 2019	<u>116</u>	<u>116</u>
Carrying amount		
At 30 June 2019	<u>118</u>	<u>118</u>
At 30 June 2018	<u>128</u>	<u>128</u>

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

14 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 July 2018	297
Disposals	(271)
At 30 June 2019	<u>26</u>
Carrying amount	
At 30 June 2019	<u>26</u>
At 30 June 2018	<u>297</u>

Details of the subsidiaries as at 30 June 2019 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2019	2018
AK Student Living Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	100%	100%
Kier (Kent) PSP Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD	100%	100%

Joint Ventures and Associates

	£ 000
Cost or valuation	
At 1 July 2018	28,693
Share of joint venture loss	(487)
Additions	7,852
Disposals	(3,830)
Dividend	(2,302)
At 30 June 2019	<u>29,926</u>
Carrying amount	
At 30 June 2019	<u>29,926</u>
At 30 June 2018	<u>28,693</u>

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

14 Investments (continued)

Details of the joint ventures and associates as at 30 June 2019 are as follows:

All joint ventures are held at the value of our share of net assets, except Alliance Community Partnership Limited which is held at cost as it is an associate.

Name of investment	Principal activity	Registered office	Proportion of ownership interest	
			2019	2018
Alliance Community Partnership Limited	Development	Avondale House Suites 11 1o Phoenix Crescent Strathclyde Business Park Bellshill North Lanarkshire Scotland, ML4 3NJ Scotland	10%	10%
Kent LEP 1 Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	80%	80%
Kier (Newcastle) Investment Limited	Property investment	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Kier (Newcastle) Operation Limited	Property investment	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Kier (Southampton) Investment Limited	Property investment	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Kier (Southampton) Development Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

14 Investments (continued)

Kier (Southampton) Operations Limited	Property investment	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Lysander Student Properties Investment Limited	Property investment	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Lysander Student Properties Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Lysander Student Properties Operations Limited	Property investment	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Magnetic Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	75%	75%
Watford Health Campus Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	50%	50%
Watford Health Campus Partnership LLP	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	50%	50%
Watford Waterside 1 LLP	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	50%	50%

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

14 Investments (continued)

Watford Woodlands Limited	Development	Tempsford Hall Sandy Bedfordshire SG19 2BD England and Wales	50%	50%
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15 Trade and other receivables

	2019 £ 000	2018 £ 000
Trade receivables	230	191
Prepayments	1,689	1,643
Social security and other taxes	13	-
Other receivables	1,773	1,583
	<u>3,705</u>	<u>3,417</u>

16 Cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank	<u>23,405</u>	<u>23,390</u>

17 Trade and other payables

	2019 £ 000	2018 £ 000
Current		
Trade payables	323	2,021
Accrued expenses	2,931	273
Amounts due to related parties	29,410	22,654
Total current trade and other payables	<u>32,664</u>	<u>24,948</u>

Amounts due to related parties are unsecured and repayable on demand. The 2019 balance of £29,410k and £22,510k of the 2018 balance carry an interest rate of 4%. All other balances are interest free.

18 Dividends

	2019 £ 000	2018 £ 000
Interim dividend of £1.2245 (2018 - £Nil) per ordinary share	6,000	-

Kier Project Investment Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

19 Called up share capital

Allotted, called up and fully paid shares

	No.	2019 £ 000	No.	2018 £ 000
Ordinary shares of £1 each	<u>4,900,100</u>	<u>4,900</u>	<u>4,900,100</u>	<u>4,900</u>

20 Parent and ultimate parent undertaking

The Company's immediate parent is Kier Limited.

The ultimate parent is Kier Group plc. These financial statements are available upon request from Companies House
House
Crown Way
Cardiff

21 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
House
Crown Way
Cardiff.