Multiplex Construction Europe Limited
Annual Report and Financial Statements
for the year ended 31 December 2021

Multiplex Construction Europe Limited

Registration number 03808946

Table of contents

Multiplex Construction Europe Limited

For the year ended 31 December 2021

Directory
Multiplex Construction Europe Limited

For the year ended 31 December 2021

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Andrew Michael Ridley-Barker
Jaideep Thatai
Callum Tuckett

Company secretary
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Strategic report
Multiplex Construction Europe Limited

For the year ended 31 December 2021

The board of Directors present the strategic report of Multiplex Construction Europe Limited ("Company") for the year ended 31 December 2021.

Business review and future developments

The Company generated £9.6 million of EBITDA in 2021 on strong project delivery, representing a significant turnaround on the £151 million loss incurred in 2020. We secured five new projects, successfully completed five jobs and implemented a number of operational and other changes that will set us up for future success. These accomplishments all occurred while Covid-19 clouded the start of 2021 and new variants continued to challenge the way in which we and our supply chain operate. We have continued to adapt to this changing environment, including government imposed restrictions, best positioning our teams to outperform. During 2021, all our projects operated at 'new normal' productivity levels. We have embraced the challenges brought upon us and we now operate at a higher level of performance and efficiency.

We generated £793 million of revenue in 2021 (2020: £599 million) and EBITDA of £9.6 million (2020: £151 million EBITDA loss due to charges directly attributable to Covid-19). The Company also generated a profit after tax of £2 million (2020: £132 million loss). We continued to manage our liquidity requirements throughout the pandemic through internal resilience measures ending the year with £15 million of cash (2020: £26 million) on our statement of financial position, and continue to operate with no external debt.

EBITDA (earnings before interest, taxation, depreciation and amortisation) is a non-IFRS measure utilised by the Directors as a key performance indicator (KPI) to provide a better understanding of the Company's financial performance and comparison of performance between the different financial periods.

Below is a reconciliation between profit after tax and the EBITDA, including both positive and negative adjustments.

For the year ended 31 December

GBP Millions		2021		2020
Profit / (Loss) after tax	£	2.0	£	(131.8)
Adjustment for:				
Depreciation		7.7		7.6
Interest expense		0.3		0.3
Interest income		(1.1)		(0.3)
Income tax expense / (benefit)		0.7		(26.8)
EBITDA		9.6		(151.0)

Our workbook at the end of the year was £2.7 billion (2020: £2.5 billion) and included four residential projects worth £1.9 billion, five commercial projects worth £675 million and several higher education projects worth £150 million. We secured five projects in 2021 valued at over £800 million of new work. This includes:

- 30 Grosvenor Square: the redevelopment of the Grade II listed former US Embassy building in Mayfair, London into a luxury hotel.
- 1 Leadenhall: a new 36-storey office tower in the City of London located adjacent to the iconic Grade-II listed Victorian market.
- 65 Davies Street: an office block located in a prominent position above the new Bond Street Elizabeth Line (Crossrail) station.
- Elephant and Castle Town Centre: phase 2 of a new town centre in South London, which includes the development of 485 residential homes across three towers with extensive associated amenity space, additional retail and leisure facilities and a 12-storey campus for the University of the Arts London's (UAL) London College of Communication.
- Adam Smith Business School: part of our campus development programme with the University of Glasgow, we began work on the 120,000 square foot building which will become the University's first building with facilities specifically designed for their postgraduate community.

These project wins, combined with our strong pipeline, underpin our turnover and profitability expectations going forward.

We also completed five projects, £0.8 billion of work, during the year. Our construction backlog revenue (future revenue on secured contracts) stood at £1.4 billion as at 31 December 2021 (2020: £1.2 billion).

We remain disciplined as we look at new work, ensuring the financial viability of schemes, as well as clients and subcontractors, while bidding work at appropriate terms with commensurate returns. This approach is underpinned by strong internal processes aimed at minimising our operational and financial risks and include:

- Focused tendering efforts in sectors where the Company has the experience and resources to deliver successful projects;
- Appropriate client due diligence;

- Working closely to align ourselves with high quality and financially robust supply chain partners to limit the risk of subcontractor non-performance;
- A transparent culture of project reporting to ensure senior management are aware of and can respond to risk and opportunities in a timely manner; and
- Strong liquidity management and financial flexibility.

We continue to focus on outperforming, delivering exceptional buildings to our clients and have confidence in our ability to both win new work, at the right terms, and deliver our pipeline of projects under the current operating environment. The Company's secured and preferred workbook provides transparent, strong cash flows throughout 2022 and beyond, providing financial resilience for the business.

Section 172(1) statement

The Directors, in line with their duties under section 172 of the Companies Act 2006, act in a way they consider, in good faith, that would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors have considered, amongst other matters, the following:

- Likely consequences of any decisions in the long-term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the Company.

In discharging the section 172 duties, the Directors have considered the factors set out above.

Multiplex is focused on being a good corporate citizen. We are committed to providing sustainable futures for everyone we work with. We understand that the way in which we do business has the power to impact the lives of our people, our clients, our supply chain and the communities in which we operate. Our business aim of delivering buildings of excellent quality and value for our clients aligns with our corporate social responsibility. We share our innovative best practice techniques with our supply chain and stakeholders.

The Directors take care to have considered the likely consequences on all stakeholders of the decisions and actions which they take. Decisions are carefully discussed where possible with affected groups and are therefore, better understood and supported when taken.

The Company actively looks to decrease our impact on the environment, generate socio-economic benefits for our local communities, develop social integration and ensure that our employees and supply chain work in a healthy and safe environment.

The Company works hard to make a positive difference to the communities in which we operate and focus on delivering social value on our projects. We operate robust community engagement strategies and present our local communities with real opportunities for socio-economic growth and development. Our business culture is embedded in fostering a legacy, creating a sense of pride and achievement among our project teams, inspiring our people, training our workforce for the future, building capacity within our supply chain and supporting the growth for small- to medium-sized enterprises.

Through our continued commitment to corporate responsibility we create value for our people, our business, our clients, supply chain, extended stakeholders, the environment and society. We ensure all of our projects have a comprehensive disaster and fire strategy, both during construction and post-completion. This ensures that both our employees and subcontractors, as well as all future occupants, have a comprehensive system in place to best ensure their safety if a disastrous event were to occur.

Corporate Responsibility and Environmental management

At Multiplex, our purpose is to construct a better future. We are known for delivering the world's best projects and recognise that through these projects we can have a positive impact on people and the world we live in. We understand the responsibility we have to our people, clients and communities to address the complex and evolving needs of the world around us. Our approach to Environmental, Social and Governance (ESG) is embedded in everything we do. We also acknowledge the unique opportunity we have to influence upstream to clients and downstream to our supply chain, and the value we can create when our values are aligned. We therefore, look to foster strong collaborative relationships with all stakeholders and look for ways to optimise the design and operation of buildings to generate shared value across the triple bottom line.

The ongoing difficulties presented by the Covid-19 pandemic in 2021 have continued to impact all sectors of the economy. However, the business has continued to utilise the operating protocols developed in 2020 to great effect and to maintain productivity. This includes robust arrangements to ensure projects are risk assessed and equipped with suitable control measures in accordance with the Construction Leadership Council, Build UK and other relevant guidance; and we continue to adapt these in line with the evolving evidence-base and Government guidance.

Looking beyond the Covid-19 pandemic, our ambition is clear. To become a business that everyone wants to work with and for; where everyone is safe, valued, consulted, engaged and respected. We have taken the learning from recent successes in project health and safety performance and developed an engagement programme called 'One life. One team.' with the purpose of delivering eight defined experiences everyone should have who works with or for us, which in turn fosters a collaborative, transparent approach to the control of critical risks. In addition, following a successful pilot in 2020, we launched "Multiplex Flex", our approach to flexible working, in the second half of 2021.

Moving beyond the health, safety and wellbeing of our people, we recognise the climate and biodiversity crisis as the time-critical and existential challenges of our time. As a responsible and resilient business, the Company fully supports the need to transition to a net zero carbon economy by 2050 at the latest. In April 2021 we launched our Net Zero Carbon Pathway "One Decade to Act" as a response to how we will transition to net zero carbon emissions including our full scope 3 emissions. This pathway brings together the many climate commitments the business has made to date, including our Science Based Targets, World Green Building Council Net Zero Building Commitment and SteelZero commitment, and provides a credible plan to achieve each of these. In 2021 we also achieved a key milestone on this pathway by announcing our commitment to a Renewable Energy Power Purchase Agreement (PPA) to partially power the Company's operations. The purchase of renewable electricity through this PPA will leads to the construction of a new renewable energy generating farm to support the UK's commitment to decarbonise the national grid. The renewable energy plant is targeted to be commissioned in the first half of 2023.

Towards the end of 2021, the Company launched 'Leave no one behind', our 10-year social equity strategy to tackle inequality and injustice in construction. The strategy responds to global concerns about growing social inequality, highlighted at the COP 26 UN Climate Change Conference, and demands to 'build back better' after the pandemic. Its evidence-based approach recognises the growing convergence of environmental and social systems and takes into account the overlap between the earth, society and economy, relating to: decarbonisation, digitalisation, 'the just transition', green skill opportunities, technological breakthroughs and the impact on equity. Key issues that will be addressed by the strategy include: mental health, wellbeing, fair employment, prompt payment, modern slavery, diversity and inclusion and income inequality. The goals and targets for Multiplex to achieve by 2022, 2025 and 2030 are based on a number of factors, including: government policies and regulations, industry commitments, academic research and megatrends, industry best practice benchmarks, as well as our own social return on investment data.

Ultimately it is through the world's best projects that we build that we are able to generate value for our people, business, clients, supply chain, extended stakeholders, the environment and society.

Energy and carbon reporting

We have reported on all sources of greenhouse gases (GHG) emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

GHG emissions and energy usage data for periods 1 January 2020 to 31 December 2021

UK and offshore	2021	2020
Emissions from combustion of gas (Scope 1 - tonnes of CO2e)	607	1,049
Emissions from combustion of fuel for transport purposes (Scope 1 - tonnes of CO2e)	-	-
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 - tonnes of CO2e) (Market based methodology)	884	195
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO2e)	15	16
Total gross CO2e based on above	1,506	1,260

Electricity consumption used to calculate emissions - kWh	17,452,495	18,641,078
Gas consumption used to calculate emissions - kWh	3,314,783	5,707,815
Transport fuel consumption used to calculate emissions - kWh	-	-
Other consumption used to calculate emissions - kWh	-	-
Intensity Ratio (tonnes of CO2e / £100k spend)	0.19	0.17
Emissions from electricity purchased for own use (Scope 2 - tonnes of CO2e) (Location based methodology)	3,706	4,346

Reporting Boundary and Methodology

The following outlines the Company's boundary and methodology in calculating its total annual carbon footprint:

- The carbon inventory follows the Greenhouse Gas Protocol Corporate Standard and has been consolidated based on financial control. The unit used is CO2e (carbon dioxide equivalent).
- The Company records electricity, fuel, transport, waste and material information on all our sites. The Company also uses emission factors from the UK Department of Business and Industrial Strategy (BEIS) to calculate carbon emissions for fuel, gas, transport and waste.
- The Company uses a location-based approach to determine the carbon footprint of our electricity consumption.

Energy Efficiency Actions

In the period covered by the report the Company has continued to take a range of steps to improve energy efficiency. This includes installing LED lighting, replacing heating, ventilation and air conditioning systems as part of the further roll out of "Better Workspaces", our internal minimum standard for all offices, welfare and canteen areas. This has also included the development of performance based (energy intensity) targets for the energy consumption of these areas.

Furthermore, one of the five goals of One Decade to Act, launched in April 2021, is to achieve zero onsite emissions by 2025. The Company's construction sites have already started to move towards this goal by focussing on reducing the connected electricity loads on site and introducing decentralised sources of energy including batteries and renewable energy systems.

Actions to Reduce Direct and Indirect GHG Emissions

As part of our approved Science Based Target, the Company's first commitment is to reduce direct emissions (Scope 1 and 2) by 55% by 2030 (from a 2017 base year). In 2020 the Company reduced direct carbon emissions by over 60% and in 2021 maintained this reduction. The Company achieved this by changing the way we procure electricity and by the end of 2021 the Company had switched 96% of all electricity tariffs to renewable. In the period covered by the report, the Company purchased 13.3 GWh of renewable energy from our electricity suppliers across our construction sites. The attributes are backed by Renewable Energy Guarantees of Origin (REGOs) and saved over 3,600 tonnes of Carbon Dioxide equivalent (tCO2e) from being produced by standard energy generation. To further improve the credibility of our carbon reductions through renewable energy, as previously outlined, in November 2021 we announced our commitment to a Renewable Energy Power (PPA) to power our UK operations. The purchase of renewable electricity through this PPA will leads to the construction of a new renewable energy generating farm, targeted to open in H1 2023.

Our second commitment on indirect emissions (Scope 3) is to have key suppliers, which represent 95% of emissions from purchased goods, set a science-based emission reduction target by 2023. We are working closely with our subcontractors to help them understand their carbon footprint and develop a target in line with climate science.

The Company also maintained its signatory status of the World Green Building Council's Net Zero commitment. This commitment takes urgent action against climate change by ensuring that the Company only owns and occupies assets which operate at net zero carbon by 2030. The commitment is part of World Green Building Council's Advancing Net Zero global project, which aims to promote and support the acceleration of net zero carbon buildings to 100% by 2050.

In the period the Company continued to lead a number of other construction contractors (representing over £15 billion in annual turnover) through the UK Contractors Declare - a global movement to declare a state of climate and biodiversity emergency. The Company also preserved its Steel Zero membership, a global initiative that brings together organisations from a range of sectors to make a public commitment to procure only 100% net zero carbon steel by 2050. Furthermore, in 2021 the Company also joined the initial ConcreteZero Taskforce, with the aim of creating a similar demand side initiative to decarbonise concrete in 2022 and beyond.

For more information on our energy, carbon and wider sustainability performance please see the range of sustainability reports on the Multiplex website.

Employees

At Multiplex, our people are our biggest asset. They are the foundation of our success and we will continue to inspire and empower them by investing in training, promoting teamwork and providing strong leadership.

The Multiplex culture is an environment where people are recognised for their talents, whatever their background, and encouraged to be creative in their approach. Empowering everyone to voice their ideas and use their initiative allows us to push boundaries, innovate, and make better decisions.

We are committed to continuously enhancing our inclusive culture, giving everyone the opportunity to succeed irrespective of gender, race, religion, disability, age, sexual orientation or any other reason. We ensure no one is discriminated against, either directly or indirectly, for recruitment, training, career development, promotion or any other aspect of employment. Additionally, if any team member becomes disabled while working for us and is no longer able to perform their duties, it is our policy to seek alternative employment for that person and provide assistance with any retraining.

We regularly circulate internal communications via multiple channels to provide our people with relevant information and updates on all areas of the business, including finance, health and safety, community engagement and environmental performance. Everyone at Multiplex has the opportunity to discuss any concerns they have with senior management, and they are also given access to wellbeing and mental health portals where support can be provided confidentially. This includes having trained mental health first aiders available to all team members.

In the second half of 2021, following a successful pilot the previous year, we launched "Multiplex Flex", our approach to flexible working that aims to shift the cultural dial of the construction industry. The aim is increasing the number and influence of women working across our business, addressing structurally related issues linked to gender equity, improving health and well-being and driving improved overall performance and productivity.

Health and safety

2021 has seen the evolution of the Covid-19 pandemic requiring us to maintain surveillance on positive case rates both nationally and across our operations. We also acted decisively and adapted quickly to changing government requirements, particularly in the last quarter of the year with the emergence of the omicron variant. With the Construction Leadership Council moving their Site Operating Procedures to the status of a 'reference document' after the relaxation of measures earlier in the year, we continue to adapt to an evolving situation. Nonetheless, we maintain our steadfast and strong leadership of health and safety across our business to ensure our people are safe and healthy as they work to deliver our projects.

The Company continues to maintain our accreditation with Safety Schemes in Procurement (SSIP), in conjunction with its certification to ISO 45001:2018 with UKAS Accredited Lloyds Register (LRQA) with no Non Conformances currently recorded against our health and safety management systems and their implementation.

Our existing procurement requirements ensure that all subcontractors are compliant with a relevant SSIP member scheme. We have transitioned to the Build UK and CECA Common Assessment Standard (CAS) with our supply chain in order to confirm they have the necessary arrangements in place to manage their health and safety effectively, including the adoption of published Build UK standards for minimum training requirements.

We retain our commitment as members of Champions for the Construction Logistics and Community Safety Scheme (CLOCS) and of Build UK which provides the opportunity to influence standard setting within the industry. We continue to be a signatory of the National Association of Scaffolding Contractors' (NASC) Safe Scaffolding Charter.

We have been working to develop an operational framework for the delivery of the requirements introduced under the Building Safety Act and we continue to identify processes that will deliver compliance with this legislation and subordinate regulations relevant to Multiplex within our role as Principal Contractor and Principal Designer.

In 2021 we launched 'One life. One team', a programme to more actively and collaboratively 'problem-seek' critical risks that may evolve in the construction processes, with the engagement, health and well-being agenda part of our Social Equity Strategy 'Leave No-one Behind'. We also launched our Occupational Health Minimum Standards aligned to our 'Health Intervention Tours' or 'HITs' run by our Occupational Health Manager in conjunction with our project teams to engage workers on health and hygiene risks arising from work and gather data on level of controls in place against the minimum standards.

We continue to collaborate with research bodies in assisting our Chief Medical Officer in understanding how we can maintain bio-secure workplaces in future pandemics. We are working with the Thomas Ashton Institute of the University of Manchester and the Health and Safety Executive (HSE), with whom we participated in the 'Keeping the UK Building Safely' research this year to identify how leadership, resilience and governance, technology and data contributed to the shielding of the workforce from Covid-19. We now enter phase 2 of the research to understand routes of potential transmission in construction work teams using wearable technology (KUBS 2) which commenced in early 2022.

Charitable Trust Partnerships
We have established a number of strategic partnerships with charitable trusts that are aligned with our business values.

Our charitable donations and contributions raised £30,850 in 2021 (2020: £50,280) for various charities including:

- Chickenshed Kensington and Chelsea, a theatre company that provides youth workshops, outreach projects and education programmes; and
- Willow Foundation, a charity that provides special days for seriously ill young adults.

Principal risks and uncertainties
The principal activity of the Company is a building contractor, and future results will therefore be impacted by any change in building activity brought about by the prevailing economic conditions, cost escalation on our projects, or penalties incurred if projects are delivered late. In the day-to-day operations of the business, the Company is exposed to various risks and uncertainties. The Directors recognise their responsibility to manage these risks, and are satisfied with the procedures in place to mitigate them.

Economic risk
In general, contracts entered into by the Company are in pounds sterling, eliminating foreign exchange risk. The Directors are aware that our subcontractors are often reliant on labour and materials from Continental Europe and beyond, and accordingly the Company may be indirectly exposed to significant changes in labour movement or foreign currency exchange rates. The Company pro-actively manages this risk through robust and regular financial sub-contractor due diligence as well as continued efforts to diversify our supply chain.

Project risk
The Company continues to maintain a comprehensive set of policies and procedures in order to manage the risks associated with all aspects of a construction project, from client acceptance to project feasibility to initial tendering through to practical completion. All tenders undergo a tender settlement meeting and are approved by a Credit Committee prior to submission. Post award of contract all projects are subject to monthly project meetings, at which all aspects of the project are reviewed, including programme, design, commercial and financial risks and opportunities. In addition, a programme of peer and internal audit reviews is undertaken to ensure compliance with the policies and to assist in the early identification of potential issues. A well-established culture of transparency with regard to project risks and opportunities ensures senior management are aware and involved in managing these throughout the project life cycle. Senior management challenge the assessment of client and subcontractor variations on a regular basis to ensure amounts recognised are appropriate.

Strategic report
Multiplex Construction Europe Limited

For the year ended 31 December 2021

The agreement and settlement of certain final accounts with clients and subcontractors are settled through commercial negotiations. We estimate outcomes for these settlements, which are then regularly reviewed by senior operational and financial management. These estimates are adjusted if required to ensure a prudent level of risk is reflected in the Company's financial results.

Funding and liquidity risk
The Company does not have any external loans and borrowings and is not reliant on external funding for either working capital or investment capital. The Company operates a defined contribution pension scheme. The Company does not employ the use of payables financing arrangements to improve its working capital cycle.

Internal control over financial reporting
The Company operates under a robust control framework with policies and procedures in place across all aspects of our business to ensure appropriate controls over financial reporting and safeguarding of assets. The Company has a strong internal audit function and is subject to regular internal audit reviews which, test the operation and integrity of this framework.

Counterparty risk
There are always risks arising from clients being unable to meet payment deadlines as they fall due, as well as subcontractors being unable to carry out work as agreed under contract. To mitigate these risks, procedures are in place to regularly analyse the financial status, credit history and integrity of all counterparties. The Company mitigates certain subcontractor risks through the use of parent company guarantees and bonds.

Approved by the board of Directors and authorised for issue on the 11 March 2022 and signed on its behalf by:

Callum Tuckett
Director

Jaideep Thatai
Director

11 March 2022

Directors' report

Multiplex Construction Europe Limited

For the year ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The Company carries on business principally as a construction company.

Results and dividends

The results for the year are set out on page 17. The Directors declared no dividend during the year (2020: £nil). No dividends have been proposed after the reporting date.

Events after the reporting period

There have been no significant events after the reporting period.

Going concern basis

The following factors have been considered by the Directors when assessing whether the financial statements should be prepared on a going concern basis:

- The cash balances available within the business;
- The amount and quality of construction orders in hand;
- The principal risks and uncertainties described in the Strategic report;
- The forecasts for the business for the upcoming periods; and
- Covid-19 considerations described in the Strategic report.

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the twelve-month period from the signing of these accounts.

Going forward, almost all of the Company's margin for 2022 is secured and there is a strong pipeline of future projects. The Company has performed financial stress testing on its latest forecasts from the date of this report and even in adverse scenarios, showing liquidity requirements, the Company continues to have a range of funding options available to it. The Company continues to assess itself as a going concern.

Directors

The Directors who served throughout the year, and subsequently, except where noted were:

Zahida Hanif	(appointed 8 June 2020, resigned on 9 August 2021)
Benjamin Keenan	(appointed 20 June 2011, resigned 10 December 2021)
Thomas Marke	(appointed 10 December 2021)
Andrew Ridley-Barker	(appointed 10 May 2018)
Jaideep Thatai	(appointed 9 August 2021)
Callum Tuckett	(appointed 8 June 2020)

Indemnification and insurance of Directors and officers

Under deeds of access and indemnity, Brookfield Business Partners LP, the Company's indirect parent company has agreed to indemnify certain Directors (to the extent permitted by law) against liabilities incurred as a Director or officer of the Company and reasonable legal costs incurred in defending an action for a liability as a Director or officer. This obligation is satisfied by the Company relying upon Brookfield Asset Management Inc.'s (the ultimate parent of the Company) global Directors' and officers' insurance policy, for which it pays a portion of the premium.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; each Director has taken all the steps that they ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' report

Multiplex Construction Europe Limited

For the year ended 31 December 2021

Strategic report

In accordance with s414A/C of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013, the Directors have prepared the strategic report for the Company. The key elements of this report are:

Future developments

The future developments are disclosed in the 'Business review and future developments' section in the strategic report on page 4.

Supplier engagement

The Director's disclosure relating to supplier engagement is disclosed in the 'Section 172(1) statement' section, under the heading 'Corporate Responsibility and Environmental management' of the strategic report on pages 5 and 6.

Streamlined Energy and Carbon Reporting (SECR)

The Director's disclosure relating to the Streamlined Energy and Carbon Reporting (SECR) requirements are disclosed in the 'Section 172(1) statement' section, under the heading 'Energy and carbon reporting' of the strategic report on pages 6 and 7.

Employee engagement and disabled employees

The Director's disclosure relating to employee engagement and disabled employees is disclosed in the 'Section 172(1) statement' section, under the heading 'Employees' of the strategic report on page 7.

Financial risk management objectives and policies

The financial risk management objectives and policies are disclosed in the 'Principal risks and uncertainties' section of the strategic report on pages 8 and 9.

Use of financial instruments

The use of financial instruments and the associated risks are disclosed in the 'Principal risks and uncertainties' section of the strategic report on pages 8 and 9.

Approved by the board of Directors and authorised for issue on the 11 March 2022 and signed on its behalf by:

Callum Tuckett
Director

Jaideep Thatai
Director

11 March 2022

Statement of Directors' responsibilities
Multiplex Construction Europe Limited

For the year ended 31 December 2021

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

Independent auditor's report to the members of Multiplex Construction Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Multiplex Construction Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of profit or loss;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Multiplex Construction Europe Limited

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.

Auditor's 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 auditor's 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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the recognition of variable consideration and the valuation of accrued costs associated with ongoing projects, and our specific procedures performed to address them are described below:

- performed site visits with a real estate specialist, attended monthly project update meetings and engaged directly with project teams to gain insight and understanding into the projects, the progress in the build and to identify key issues on the project;
- performed substantive testing on the variable consideration recognised during the year, by obtaining third party support to conclude that the revenue recognised met the "highly probable" threshold; and
- performed substantive testing over the valuation of accrued costs by understanding the estimation in the value, and supporting subcontractor information to assess whether the accrued costs were appropriate.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- reviewing internal audit reports; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Multiplex Construction Europe Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

Heather Bygrave.

Heather Bygrave, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, UK
11 March 2022

Statement of financial position
Multiplex Construction Europe Limited

As at 31 December

GBP Thousands	Note		2021		2020
Assets					
Current assets					
Cash		£	15,262	£	25,908
Trade and other receivables	5		223,552		250,601
Amounts due from customers for contract work	6		30,691		15,365
Total current assets			269,505		291,874
Non-current assets					
Trade and other receivables	5		33,149		31,389
Property, plant and equipment	7		7,968		11,073
Intangible assets	8		337		-
Deferred tax asset	9		34,853		35,330
Total non-current assets			76,307		77,792
Total assets		£	345,812	£	369,666
Liabilities					
Current liabilities					
Trade and other payables	10	£	225,797	£	218,137
Amount due to customers for contract work	6		143,550		169,694
Provisions	11		3,258		2,934
Total current liabilities			372,606		390,765
Total assets less current liabilities			(26,794)		(21,099)
Non-current liabilities					
Trade and other payables	10		22,340		14,730
Amount due to customers for contract work	6		842		16,811
Provisions	11		4,671		3,963
Total non-current liabilities			27,853		35,504
Total liabilities			400,458		426,269
Equity	12		(54,647)		(56,603)
Total liabilities and equity		£	345,812	£	369,666

The statement of financial position should be read in conjunction with the notes to the financial statements.

The financial statements of Multiplex Construction Europe Limited, registered number 03808946, were approved by the Board of Directors and authorised for issue on 11 March 2022 and were signed on its behalf by:

Callum Tuckett
Director

Jaideep Thatai
Director

11 March 2022

Statement of profit or loss

Multiplex Construction Europe Limited

For the year ended 31 December

GBP Thousands	Note		2021		2020
Revenue		£	793,017	£	599,424
Direct costs			(767,602)		(729,195)
Construction margin			25,415		(129,771)
Interest income			1,103		337
Finance costs			(298)		(334)
Administrative expenses			(15,902)		(21,189)
Depreciation and amortisation	7		(7,676)		(7,606)
Net profit / (loss) before tax			2,641		(158,563)
Income tax (expense) / benefit	17		(685)		26,753
Net profit / (loss) after tax		£	1,957	£	(131,810)

The statement of profit or loss should be read in conjunction with the notes to the financial statements.

All activities relate to continuing operations. There were no items of other comprehensive income and consequently no statement of other comprehensive income is presented.

Statement of changes in equity
Multiplex Construction Europe Limited

For the year ended 31 December 2021

GBP Thousands	Note		Share capital		Accumulated losses		Total equity
As at 1 January 2021	12	£	111,839	£	(168,442)	£	(56,603)
Net profit			-		1,957		1,957
As at 31 December 2021	12	£	111,839	£	(166,486)	£	(54,647)

For the year ended 31 December 2020

GBP Thousands	Note		Share capital		Accumulated losses		Total equity
As at 1 January 2020		£	111,839	£	(36,632)	£	75,207
Net loss			-		(131,810)		(131,810)
As at 31 December 2020	12	£	111,839	£	(168,442)	£	(56,603)

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Notes to the financial statements
Multiplex Construction Europe Limited

1. General information

Multiplex Construction Europe Limited ("the Company") carries on business principally as a construction company. The Company is a private limited liability company limited by shares incorporated in England and Wales and domiciled in the UK. The address of its registered office can be referenced in the 'Directory' on page 3.

2. Adoption of new and revised standards

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued by the IASB but are not yet effective and/or in some cases had not yet been adopted by the UK:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Impact of the initial application of new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied the below amendment to IFRS 16 which was issued by the Board and is effective for an annual period that begins on or after 1 January 2021. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of the initial application of Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

i. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

ii. Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and

iii. There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the IASB in May 2021) in advance of its effective date.

3. Significant accounting policies

a. Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments;
- the requirements of IFRS 7 Financial Instruments: Disclosures;

- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Where relevant, equivalent disclosures have been given in the group accounts of Multiplex Europe Limited.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently throughout the current year and preceding period.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity are disclosed in note 4.

The financial statements are expressed in pounds sterling, which is the functional currency of the Company.

b. Going concern

The following factors have been considered by the Directors when assessing whether the financial statements should be prepared on a going concern basis:

- The cash balances and available liquidity available within the business;
- The amount and quality of construction orders in hand;
- The principal risks and uncertainties described in the Strategic report;
- The forecasts for the business for the upcoming periods; and
- Covid-19 considerations described in the Strategic report.

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the twelve-month period from the signing of these accounts.

Going forward, almost all of the Company's margin for 2022 is secured and there is a strong pipeline of future projects. The Company has performed financial stress testing on its latest forecasts from the date of this report and even in adverse scenarios, showing liquidity requirements, the Company continues to have a range of funding options available to it. The Company continues to assess itself as a going concern.

c. Revenue recognition and construction contracts

Multiplex is a contractor with a focus on large-scale, complex building projects. Generally, all of the Company's contracts are long-term construction contracts and the performance obligation is deemed to be satisfied over time. Revenue is recognised when it is highly probable that economic benefits will flow to the Company, when that revenue can be reliably measured and collection is assured. Where amounts do not meet these criteria, they are deferred and recognised in the year in which the criteria are met.

Revenue is recognised over time as the Company's performance obligations are satisfied and the control of the service is transferred to our customers. Once the final outcome of a construction contract can be estimated reliably, revenue and expenses are recognised in the Consolidated statement of profit or loss and other comprehensive income in proportion to the stage of completion of the performance obligation using a modified profit recognition which reflects how the entity's efforts are expended throughout the performance cycle. The transaction price allocated to each project is the agreed contract value with our customers, adjusted for contract modifications, including variations and claims.

Management has chosen to adopt a modified percentage of completion input method compared to the previous percentage of completion input method to better align with how the entity's efforts are expended throughout the performance period. Under the modified percentage of completion method, the transaction price is recognised on a deferred basis.

The deferral reflects the uncertainty of earnings in a project and more accurately depicts Multiplex's performance and delivery of the performance obligations as the project progresses. In forming the view on the most appropriate amount to defer, management assessed the historical project lifecycles and financial performance of every construction project that it had undertaken in the prior ten years.

This also better aligns with how a construction project's risk is managed. As a project progresses, risk is reduced and more profit is recognised, this results in a reduced level of profit recognised earlier in a project and an increased level later in the life of a project. There is no impact in the total amount of revenue recognised over the life of a project.

Management will review the modified percentage of completion every six years, no review was required during the 2021 period.

Typically, a construction contract will contain a single performance obligation, as the outcome of the contract is normally an integrated, completed product with inter-related goods and services. Where a number of contracts are issued for a single project these will be combined if there is a single commercial objective, if consideration is dependent on other contracts which are capable of being distinct or if the customer could benefit from goods or services together or separately.

Contract profitability is estimated at a project's inception based on the agreed contract value with the client and the budgeted total costs. Profitability is then reviewed and reassessed on a regular basis including assessing any sensitivities around project profitability on a contract-by-contract basis. Where the outcome of a contract cannot be reliably determined, contract costs are expensed as incurred. Where it is highly probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract, this is considered an onerous contract and the excess of total costs over revenue is recognised immediately in net profit.

For variable consideration, revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Claims are accounted for as variable consideration only when it is highly probable that revenue will not reverse in the future. For contract modifications, revenue is recognised when the change in scope is approved by the customer. Approval can be in writing, by oral agreement or implied by customary business practices. When the change is approved but the price is not agreed or is not fixed then the revenue is treated as variable consideration as described above.

Variations and claims will normally form part of the existing performance obligation as they are typically highly inter-related. Claims against third parties are only recognised when the realisation of income is virtually certain. When it is probable that an inflow of economic benefits will occur, a contingent asset is disclosed, but not recognised. Unapproved variations from subcontractors are recognised where it is probable that the Company will be liable to incur the costs.

Input costs reflect the progress of the construction contract and are recognised on a commitment basis for trade costs, and a forecasted basis for other costs. Material advanced payments do not reflect progress against a performance obligation and are excluded from the percentage complete calculation and accounted for as a prepayment on the Consolidated statement of financial position. Contract costs include costs that relate directly to the contract, indirect costs that are allocated to the contract on a reasonable basis, and other costs that are specifically chargeable to a customer in accordance with the terms of a contract.

Progress billings not yet paid by customers and retentions are included within 'trade receivables' as shown in Note 5. The Company presents as a liability detailed in Note 6, the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Project profitability is a key source of estimation uncertainty that Multiplex manages. Project profitability is estimated at a project's inception based on the agreed contract value with the client and the budgeted total costs. Profitability is then reviewed and reassessed on a regular basis including assessing any sensitivities around project profitability on a contract-by-contract basis. Unapproved variation revenue is recognised where it is highly probable that the revenue will be certified by the client and approved. Claim recoveries against clients are booked when:

- negotiations have reached an advanced stage such that it is highly probable that the client will accept the claim; and
- the amount can be measured reliably.

The key requirement that must be met for claim recoveries against other third parties are the same as those listed above for claims against clients. Where the matters are in dispute, the test of probability is normally obtained in the form of a legal opinion and/or independent expert's opinion. Legal fees are capitalised in relation to claim recoveries where they are considered recoverable. Costs are recognised on a commitment basis for trade costs, and a forecast basis for other costs. Unapproved variations from subcontractors are recognised where it is probable that the Company will be liable to incur the costs.

d. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax and deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting 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 statement of financial position 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.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting 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 substantially enacted at the reporting date. Deferred tax is charged or credited in the statement of profit or loss, 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.

e. Property, plant and equipment

All property, plant and equipment, including leasehold improvements, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Costs are recognised as assets only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

All property, plant and equipment is depreciated using the straight-line method to allocate the historical cost, less estimated residual value, over the estimated useful life, as follows:

Asset class	Useful lives (years)
Furniture, fittings and equipment	3 - 6
Leasehold improvements	Period of lease
Right-of-use assets	Period of lease

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

f. Intangible assets

Intangible assets acquired separately – indefinite and finite useful life

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting year, with any changes in these accounting estimates accounted for on a prospective basis.

The intangibles of the Company with definite useful lives are being amortised as follows:

Asset class	Useful lives (years)
Intangibles - software	Up to 7

g. Leases

As a lessee, the Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate of 2.42%.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification; and
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented within the property, plant and equipment line in the statement of financial position.

h. Trade payables and receivables

Trade payables and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Company does not utilise any reverse factoring on its trade payables.

An impairment charge is established and offset against trade receivables when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of any impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate and any other collateral. Impairments are recognised in the statement of profit or loss in the period they are realised.

i. Provisions for liabilities

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation.

j. Bid and pre-contract expenditure

Costs incurred pre-contract and as part of bid preparation are deferred to the extent they can be identified separately and measured reliably and it is probable that the contract will be obtained. Deferred amounts are carried as an asset within trade and other receivables on the statement of financial position. Carrying amounts are reviewed on a regular basis to determine what amounts, if any, are no longer recoverable. Amounts not considered recoverable are charged to the statement of profit or loss immediately. When a contract is won, the total deferred expenditure is accounted for in accordance with the accounting treatment for construction contracts.

k. Employee benefits

Pension obligations

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

Short-term incentive plans

The Company recognises a liability and expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

4. Critical accounting judgements and estimates

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical judgements - recognition of revenue and estimation of costs

Recognition of revenue and estimation of costs on construction contracts are a key judgement for Multiplex. Management has chosen the input method for measuring the progress of performance completion.

Recognition using the input method to recognise revenue requires using an appropriate approach that matches the entity's efforts to the satisfaction of a performance obligation. Management has chosen to adopt a modified percentage of completion input method compared to the previous percentage of completion input method to better align with how the entity's efforts are expended throughout the performance period. Under the modified percentage of completion method, the transaction price is recognised on a deferred basis.

The deferral reflects the uncertainty of earnings in a project and more accurately depicts Multiplex's performance and delivery of the performance obligations as the project progresses. In forming the view on the most appropriate amount to defer, management assessed the historical project lifecycles and financial performance of every construction project that it had undertaken in the prior ten years. This aligns with how a construction project's risk is managed. As a project progresses, risk is reduced and more profit is recognised, this results in a reduced level of profit recognised earlier in a project and an increased level later in the life of a project. There is no impact in the total amount of revenue recognised over the life of a project.

Management will review the modified percentage of completion every six years, no review was required during the 2021 period.

Multiplex recognises revenue following the same policy for contract modifications where the scope of work has been agreed and accounting for variations in the transaction price where the price is not agreed and variable consideration; these are recognised only when it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the uncertainty associated is subsequently resolved.

Variable consideration is only recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Claims are accounted for as variable consideration only when it is highly probable that revenue will not reverse in the future.

Significant judgement is applied to the administration of construction contracts. Identifiable and measurable risks to revenue are recognised as soon as reasonably possible and income relating to reward is often deferred until there is a high level certainty of the successful outcome of the performance obligation. The judgement applied to this assessment is supported by the level of experience of management in delivering projects, their experience in accounting for the numerous and varied prior projects and the processes in place to identify and mitigate issues promptly.

Multiplex's construction contracts portfolio consists of contracts located in the UK, and are generally large-scale, complex projects. The nature of these contracts, timing, and uncertainty of revenue and cash flows is broadly affected by the same economic factors.

Critical judgements - recognition of deferred tax asset

Management uses its judgement to estimate the amount of tax losses that will be utilised in the future, and books a deferred tax asset in line with this (see note 9).

5. Trade and other receivables

As at 31 December

GBP Thousands		2021		2020
Current				
Trade receivables	£	101,301	£	61,104
Retentions receivable		50,506		64,283
Prepayments and accrued income		44,993		47,165
Amounts due from group undertakings		26,287		77,170
Other receivables		464		879
Total current - trade and other receivables	£	223,552	£	250,601

As at 31 December

GBP Thousands		2021		2020
Non-current				
Retentions receivables	£	33,149	£	31,389
Total non-current - trade and other receivables	£	33,149	£	31,389

Included in the amounts above are trade receivables of £12.2m (2020: £13.3m) due from related parties. Note 16 provides disclosure of these balances by counterparty.

The amounts due from group undertakings relate to non-interest bearing unsecured loans which are settled in accordance with individual documented loan agreements. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties

Before accepting any new customers, the Company assesses a potential new customer's credit quality in accordance with the manner described in the Strategic report under the heading Project Risk on page 8. Given the nature of the Company's business activities which give rise to a low number of high value customers, and potentially a concentration of credit risk, the provision for doubtful debts is specifically assessed by management. As a result, the net carrying amount of trade receivables is considered by management to be approximately equal to their fair value.

As at 31 December

GBP Thousands		2021		2020
Performing trade receivables	£	25,750	£	57,950
Ageing of past due but not impaired receivables				
1-30 days		40,300		3,043
31-60 days		20,284		19
61-90 days		14,935		12
91-120 days		-		14
121+ days		32		66
Total trade receivables	£	101,301	£	61,104

At the date of signing of these annual financial statements, a portion of the outstanding balance has been received. The Company continues to work with the client to settle the outstanding amount and progress the project. Based on prior experience and an assessment of the current economic environment, management believes there is no further credit risk provision required in excess of the normal provision of impairment of trade receivables.

6. *Construction contracts in progress*

Construction contracts in progress at the reporting date comprise contract costs incurred plus recognised profits less losses of £6,243m (2020: £4,362m) less progress billings received and receivable of £6,358m (2020: £4,533m).

As at 31 December

GBP Thousands		2021		2020
Amounts due from customers for contract work	£	30,691	£	15,365
Amounts due to customers for contract work		(144,392)		(186,505)
Total construction contracts in progress	£	(113,701)	£	(171,140)

At 31 December 2021, client advances within amounts due from customers for contract work amounted to £16.6m (2020: £52.6m), of which £0.8m (2020: £16.8m) is due for settlement after more than 12 months.

The opening and closing balances of trade receivables, contract assets and contract liabilities from contracts with customers are disclosed in notes 5, 6 and 10.

Revenue recognised in 2021 relating to contract liability balances at the beginning of the year amounts to £169.7m (2020: £96.0m). Revenue recognised from performance obligations satisfied in previous years is not material in 2021 and 2020.

Progress billings are issued and settled monthly for work performed. This is standard in the industry which does not entirely correlate to the satisfaction of performance obligations. The difference between revenue recognised and progress billings (including client advances) is accounted for as contract assets / debit contract work in progress. When billings exceed revenue recognised, a contract liability is recognised.

There have been no significant changes to the contract asset and contract liability balances during the reporting period that were as a result of the ordinary course of business for a contractor like Multiplex. There were no changes due to business combinations, cumulative catch-up adjustments (other than contract modifications) and impairment of contract assets.

7. Property, plant and equipment and right-of-use assets

As at 31 December

GBP Thousands		Leasehold Improvements	Furniture, fittings & equipment	Right of use assets: Land and Buildings	Right of use assets: Construction equipment	Total
Cost as at 1 January 2021	£	1,423	2,064	7,691	10,774	21,952
Additions		1	1,118	2,052	1,916	5,087
Disposals		-	(1,931)	(3,570)	(2,068)	(7,569)
Cost as at 31 December 2021		1,424	1,251	6,173	10,622	19,470
Depreciation as at 1 January 2021		(595)	(1,317)	(2,000)	(6,967)	(10,879)
Depreciation charge for the year		(281)	(617)	(2,775)	(4,002)	(7,676)
Disposals		-	1,602	3,468	1,983	7,053
Accumulated depreciation as at 31 December 2021		(876)	(332)	(1,307)	(8,986)	(11,502)
Net book value as at 31 December 2021	£	548	919	4,866	1,636	7,968
Cost as at 1 January 2020	£	1,415	2,542	8,488	8,824	21,269
Additions		8	197	188	3,720	4,113
Disposals		-	(675)	(985)	(1,770)	(3,430)
Cost as at 31 December 2020		1,423	2,064	7,691	10,774	21,952
Depreciation as at 1 January 2020		(315)	(1,166)	(1,424)	(3,694)	(6,599)
Depreciation charge for the year		(280)	(721)	(1,561)	(5,044)	(7,606)
Disposals		-	570	985	1,771	3,326
Accumulated depreciation as at 31 December 2020		(595)	(1,317)	(2,000)	(6,967)	(10,879)
Net book value as at 31 December 2020	£	828	747	5,691	3,807	11,073

The amounts recognised in relation to leases in the Statement of profit or loss are:

For the year ended 31 December

GBP Thousands	2021	2020
Interest on lease liabilities	298	316
Expenses relating to short term leases	-	-

The Company leases land and buildings and construction equipment. As at the end of 2021 there are no lease related residual value guarantees, leases not yet commenced to which the lessee is committed, restrictions or covenants imposed by these leases, no leases which had any variable payment terms and sale and leaseback transactions. Total cash outflow relating to the leases amounts to £6.9m in 2021 (2020: £6.4m).

8. Intangible assets

As at 31 December

GBP Thousands		Other intangible assets		Total
Cost as at 1 January 2021	£	-	£	-
Additions		337		337
Cost as at 31 December 2021		337		337
Amortisation as at 1 January 2021		-		-
Amortisation charge for the year		-		-
Accumulated amortisation as at 31 December 2021		-		-
Net book value as at 31 December 2021	£	337	£	337

9. Deferred tax assets and liabilities

As at 31 December

GBP Thousands		2021		2020
Recognised deferred tax assets				
Deferred tax assets are attributable to the following:				
Net operating losses	£	33,152	£	34,135
Other timing differences		1,701		1,195
Total recognised deferred tax assets	£	34,853	£	35,330

For the year ended 31 December

GBP Thousands		2021		Recognised in Statement of profit or loss		2020
Movement in deferred tax during the year						
Tax expense	£	33,152	£	(983)	£	34,135
Other timing differences		1,701		505		1,195
Total recognised deferred tax assets	£	34,853	£	(478)	£	35,330

The deferred tax asset related to historic operating losses is available for offset against future profits. Management have based their utilisation assessment on the latest budget approved by the Directors which reflects expected trading performance due to the major project wins and pipeline discussed in the business review. At the reporting date, the Company also has an unrecognised deferred tax asset in respect of historic operating losses of £10m (2020: £nil).

10. Trade and other payables

As at 31 December

GBP Thousands		2021		2020
Current				
Accruals	£	128,584	£	111,577
Trade payables		63,647		80,125
Amounts owing to group undertakings		12,160		15,734
Lease liabilities		3,630		4,935
Other taxation and social security		3,221		2,898
Other payables		14,555		2,868
Total current - trade and other payables	£	225,797	£	218,137

As at 31 December

GBP Thousands		2021		2020
Non-current				
Trade payables	£	19,184	£	9,792
Lease liabilities		3,156		4,938
Total non-current - trade and other payables	£	22,340	£	14,730

The Trade and other payables note disclosure above, the totals of which are presented on the Statement of financial position, include the following lease liabilities:

As at 31 December

GBP Thousands		2021		2020
Payable within 1 year	£	3,630	£	4,935
Payable within 1 - 5 years		3,156		4,938
Payable 5+ years		-		-
Total lease liabilities	£	6,786	£	9,873

See note 7 for total cash outflow relating to leases for 2021.

As at 31 December 2021, contributions of £0.6m (2020: £0.5m) due in respect of the current reporting period had not been paid over to pension schemes and are included in other payables.

The amounts owing to group undertakings relate to non-interest bearing unsecured loans which are settled in accordance with individual documented loan agreements. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

11. Provisions

As at 31 December

GBP Thousands		2021		2020
Current	£	3,258	£	2,934
Non-current		4,671		3,963
Total provisions at end of the period	£	7,929	£	6,897

As at 31 December

GBP Thousands		2021		2020
Defects provisions				
Opening balance	£	3,079	£	3,905
Additional provisions for the year		5,107		-
Utilisation of provision		(2,258)		(826)
Closing balance at end of the period	£	5,928	£	3,079

As at 31 December

GBP Thousands		2021		2020
Other provisions				
Opening balance	£	3,818	£	6,625
Utilisation of provision		(1,817)		(2,807)
Closing balance at end of the period		2,001		3,818
Total provisions at end of the period	£	7,929	£	6,897

Defects provisions are based on a standard percentage charge of the aggregate contract value of completed construction projects and represents a provision for potential latent defects that could arise after practical completion.

Other provisions are specific provisions representing the expected costs to be incurred on historic projects. Estimates of the timing and costs required to settle the historic project provisions are made based on management's experience but the eventual outcomes are inherently uncertain. Details of contingent liabilities are discussed in note 18.

12. Equity

As at 31 December

GBP Thousands		2021		2020
Share capital	£	111,839	£	111,839
Accumulated losses		(166,485)		(168,442)
Total common equity	£	(54,647)	£	(56,603)

Share capital consists of 111,838,826 authorised, issued and fully paid ordinary shares (2020: 111,838,826) all with a nominal value of £1. The Company has no other types of issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13. Net profit before tax

Audit fees of £87,564 (2020: £84,150) for the audit of the financial statements were incurred for the year. Audit fees of £199,021 (2020: £180,600) for the audit of the UK group reporting to the parent company were incurred for the year.

The depreciation charge incurred during the current and prior year is disclosed in Note 7.

14. Directors' remuneration

The remuneration of the Directors, who are the key management personnel of the Company, is set out below:

For the year ended 31 December

GBP Thousands		2021		2020
Directors' emoluments	£	1,390	£	2,268
Pension contributions to money purchase pension schemes		14		31
Total Directors' remuneration	£	1,404	£	2,299

Following changes to the composition of the Board in 2021, the presentation of Directors' remuneration in the Company has been updated.

The compensation of the highest paid Director in the Company was £568,713 (2020: £574,410), including contributions to money purchase pension schemes of £2,220 (2020: £5,800).

The number of Directors to whom pension contributions apply: 6 (2020: 5).

15. Staff numbers and costs

The average number of persons employed by the Company (including UK Directors) during the year was 725 (2020: 806). All staff employed are involved in construction services, with certain administration services provided by another group company.

The aggregate payroll costs of these persons were as follows:

For the year ended 31 December

GBP Thousands		2021		2020
Wages and salaries	£	67,493	£	67,132
Social security costs		8,215		8,677
Employer's pension contributions		4,758		4,902
Total staff costs	£	80,466	£	80,711

16. Related party transactions and balances

Transactions and balances between the Company and its related parties are disclosed below.

Transactions

For the year ended 31 December

GBP Thousands			2021		2020
1 Leadenhall Limited Partnership	Commonality of shareholders	£	5,724	£	-
Principal Place Residential Limited	Commonality of shareholders		1,000		2,645
The 100 Bishopsgate Partnership	Commonality of shareholders/partners		(40)		(1,074)
Principal Place Commercial Sarl	Commonality of shareholders		(13)		-

Trade and other receivables / (payables)

As at 31 December

GBP Thousands			2021		2020
The 100 Bishopsgate Partnership	Commonality of shareholders/partners	£	6,128	£	6,611
Principal Place Residential Limited	Commonality of shareholders		6,117		6,117
1 Leadenhall Limited Partnership	Commonality of shareholders		439		-
Brookfield Office Properties	Commonality of shareholders		(4,036)		(5,435)
London Wall Place LP	Commonality of shareholders		-		591
Principal Place Commercial Sarl	Commonality of shareholders		-		47

Balances held with the above related parties are settled on normal commercial terms. No provisions have been made for doubtful debts in respect of the amounts owed. Amounts due from group undertakings are disclosed in note 5. Amounts owing to group undertakings are disclosed in note 10.

17. Taxation

Recognised in the statement of profit or loss

For the year ended 31 December

GBP Thousands		2021		2020
Current tax expense				
Amount payable in respect of group relief in current year	£	(390)	£	-
Tax credit in respect of prior year		183		-
Adjustment in respect of current income tax of prior years		-		-
Total current year expense	£	(207)	£	-
Deferred tax benefit				
Origination and reversal of temporary differences and tax losses	£	(1,636)	£	25,966
Adjustments in respect of changes in tax rates		11,158		-
Adjustment in respect of deferred income tax of prior years		(10,000)		787
Total deferred tax (expense) / benefit		(478)		26,753
Total tax (expense) / benefit in the statement of profit or loss	£	(685)	£	26,753

Reconciliation of effective tax rate

For the year ended 31 December

GBP Thousands		2021		2020
Profit / (Loss) before tax	£	2,641	£	(158,563)
Tax using the UK corporation tax rate of 19% (2020: 19%)		(502)		30,131
Tax effect of amounts which are not deductible in calculating taxable income:				
Imputed interest income		(57)		(297)
Adjustment in respect of current income tax of prior years		183		(199)
Deferred tax rate changes		(478)		986
Group relief for nil consideration		(1,068)		(3,863)
Utilisation of tax losses		1,340		-
Other		(103)		(5)
Total tax (expense) / benefit in the statement of profit or loss	£	(685)	£	26,753

The Finance Bill 2021, provides for a rate increase in the main rate of corporation tax to 25% from 1 April 2023 on profits over £250,000. For 2021 and 2022 the main rate remains at 19%. The closing deferred tax asset as at 31 December 2021 has been calculated at 19%, reflecting the tax rate which was substantively enacted at the balance sheet date.

18. Contingent assets and liabilities

We do not recognise claims against third parties in our accounts unless the realisation of income is virtually certain. Where there is a probability of an inflow of economic benefits, a contingent asset is disclosed, however, not recognised.

Details of contingent assets and liabilities (for which no amounts are recognised in the financial statements) are as follows:

- In the ordinary course of business contingent assets and liabilities arise in respect of insurance bonds procured from third party surety providers and issued to clients, and guarantees and bonds received by the Company from its subcontractors to insure against performance defaults or in lieu of retentions. The value of insurance bonds outstanding is indeterminate where value is dependent on the outstanding contract value and claims of each individual contract and subcontract. As at 31 December 2021 the Company has utilised £172m of its available £290m bonding facilities (2020: £215m of its available £325m).
- There are claims outstanding which arise under contracts carried out by the Company in the ordinary course of business. Whilst the outcome of claims is uncertain, contingent assets and liabilities exist in respect of amounts not specifically provided for. Based on legal discussions and corresponding counter-claims to third parties, the financial impact to the Company should not be material either individually or in aggregate.

Notes to the financial statements
Multiplex Construction Europe Limited

19. Events subsequent to the reporting date

There have been no significant events or transactions that have arisen since the end of the financial year which in the opinion of the Directors would affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company.

20. Ultimate parent undertaking and controlling party

The immediate parent entity of the Company is Multiplex Europe Limited, a company incorporated in the UK. The ultimate parent and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

The smallest group in which they are consolidated is that headed by Multiplex Europe Limited, registered at 99 Bishopsgate, 2nd Floor, London, EC2M 3XD, United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by Brookfield Asset Management Inc, registered at Brookfield Place, Suite 300, 181 Bay Street, Toronto, ON M5J 2T3.

The consolidated financial statements of both the smallest and largest groups are available to the public and may be obtained from the addresses noted above.