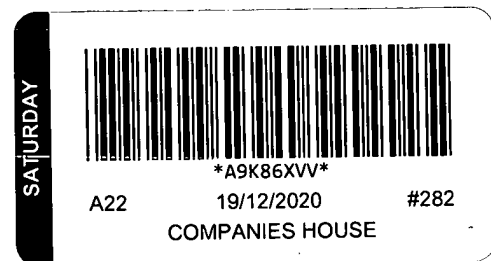


Registered number: 06634596

**KAJIMA EUROPE DESIGN AND CONSTRUCTION  
(HOLDING) LIMITED**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2019**



# **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	H Ichiki K Koshijima M Iwasaki H Koizumi H Takei H Sawa
<b>Company secretary</b>	H Takei
<b>Registered number</b>	06634596
<b>Registered office</b>	55 Baker Street London W1U 8EW
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor London United Kingdom
<b>Bankers</b>	Sumitomo Mitsui Banking Corporation Europe Limited

# **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

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# **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report for the company for the year ended 31 December 2019.

### **Business review and future developments**

The company, which has no business of its own, acts as the holding company for the European construction business of the Kajima group of companies, currently in Poland and the Czech Republic.

The company's performance in the year reflected an increase in staff costs recharged by the ultimate parent company.

Kajima Poland Sp. z o. o. and Kajima Czech Design and Construction s.r.o. made post-tax profits of £14.4m (2018: £8.7m) and £0.5m (2018: £2.1m loss) respectively.

The company is to remain as it is into the future.

### **Results and dividends**

As shown in the statement of comprehensive income on page 9 of the financial statements, the company made a post tax loss of 2019: £0.2m (2018: loss £0.1m).

### **Key performance indicators**

The directors monitor the performance of the business by reference to the valuation of its two trading subsidiaries which, in turn, reflect their profitability.

### **Going concern**

As shown on page 10, the company, which is financed by share capital, has net assets of £8.0m (2018: £8.2m), including a £3.4m (2018: £10.1m) loan from its parent undertaking, Kajima Europe Limited ("KEL"), which is due within one year.

Subsequent to the year end, financial markets experienced substantial falls associated with uncertainties linked to the Covid-19 virus epidemic. In making this assessment the Directors have considered the potential impact of the Covid-19 virus epidemic.

To date, the Covid-19 virus epidemic has not resulted in any adverse impact on the valuation of the company's investments in subsidiary undertakings, nor has it impacted significantly on their trading activities. In making their assessment, the Directors have tested various stress scenarios which show that the investments do not require any further impairment and that the company can continue to meet Group interest payments and other liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Principal risks and uncertainties**

#### *Foreign currency exchange rate risk*

The company is exposed to exchange rate risk both on the settlement of intragroup transactions, on foreign currency bank balances and on the revaluation of its investments in its two European subsidiaries. However, the company does not use financial instruments to change its exposure, as the directors do not consider the cost of doing so would be justified bearing in mind the limited scale of the risk in a group context.

#### *Other risks*

The company's activities do not expose it to any price risk, liquidity risk or cash flow risk. The company's financial assets are amounts owed by Kajima group companies, for which credit risk is limited.

**KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The board of directors of Kajima Europe Design & Construction (Holding) Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its member (only one shareholder). In the decisions taken during the year ended 31 December 2019 the board has undertaken the following:

- Our 5 year business plan was designed to have a long term beneficial impact on the company and to contribute to its success in delivering a better quality service and product for customers in our development and construction businesses in the UK and Europe. We will continue to operate our businesses within tight budgetary controls and in line with regulatory targets.
- As the Board of Directors, our intention is to behave responsibly and ensure that management operate the businesses in a responsible manner, operating within the high standards of business conduct and good governance and will contribute to the delivery of our business plan. The intention is to nurture our reputation that reflects our responsible behaviour.
- As the Board of Directors, our intention is to behave responsibly towards our shareholder and treat our shareholder fairly and equally, so that our shareholder may benefit from the successful delivery of our business plan. The shareholder is regularly engaged through quarterly board meetings and forecasts of the investments are reviewed and approved by the shareholder.

This report was approved by the board on 17 December 2020 and signed on its behalf.



**H Takei**  
Director

## **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the audited financial statements for the year ended 31 December 2019.

#### **Business review and principal activities**

The company is a wholly-owned subsidiary of Kajima Europe Limited ("KEL").

The company acts as the holding company for the European construction business of the Kajima group of companies, currently in Poland and the Czech Republic.

There have been no significant changes in the company's principal activities in the year under review and the directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

No dividends have been paid in the year (2018: £nil) and the directors recommend that no final dividend be paid (2018: £nil).

#### **Financial risk management**

The company's policies for managing the company's financial risks are set out in the strategic report.

#### **Directors**

The directors who served during the year were:

H Ichiki  
K Koshijima  
M Iwasaki  
H Koizumi  
H Takei  
H Sawa

No director had any interests in the shares of the company or any other group company at any time during the year.

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be 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 Section 418 of the Companies Act 2006.

#### **Post balance sheet events**

Subsequent to the balance sheet date, Covid-19 started to increase in Europe. The impact of Covid-19 has been assessed as a non-adjusting post balance sheet event. In making this assessment, the directors have considered the impact of Covid-19 on the company and have not identified any material adjustments required. The impact of Covid-19 has been further explained within the going concern assessment in the Strategic report (see page 1).

**KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Auditor**

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

This report was approved by the board on 17 December 2020 and signed on its behalf.



**H Takei**  
Director

## **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors are responsible for preparing the Annual report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited 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 audited 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 to 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.

## **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Kajima Europe Design and Construction (Holding) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the 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 comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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 Auditors' 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**

We are required by ISAs (UK) to report in respect of the following matters where:

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

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

## **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **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.

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

#### **Auditors responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **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 directors' report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- the strategic report and 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 and directors' report.

## KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

#### Matters on which we are required to report by exception

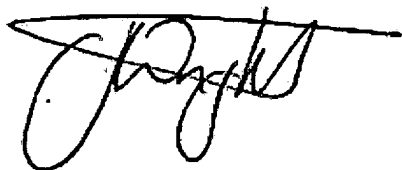
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 this 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.



James Wright FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
17 December 2020

# KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Administrative expenses		(178,126)	(113,525)
<b>Operating loss</b>	4	(178,126)	(113,525)
Interest receivable and similar income	6	36,413	75,495
Interest payable and expenses	7	(55,665)	(91,757)
<b>Loss before tax</b>		(197,378)	(129,787)
Tax on loss	8	-	5,723
<b>Loss for the financial year</b>		<u>(197,378)</u>	<u>(124,064)</u>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 12 to 20 form part of these financial statements.

**KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**  
**REGISTERED NUMBER: 06634596**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	9	9,349,026	9,349,026
		<u>9,349,026</u>	<u>9,349,026</u>
<b>Current assets</b>			
Debtors	10	2,340,754	9,485,654
Cash at bank and in hand		32,803	332,803
		<u>2,373,557</u>	<u>9,818,457</u>
Creditors: amounts falling due within one year	11	(3,433,940)	(25,500)
		<u>(1,060,383)</u>	<u>9,792,957</u>
<b>Net current (liabilities)/assets</b>			
		<u>8,288,643</u>	<u>19,141,983</u>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	12	(269,261)	(10,925,223)
		<u>8,019,382</u>	<u>8,216,760</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	13	9,290,000	9,290,000
Profit and loss account	14	(1,270,618)	(1,073,240)
		<u>8,019,382</u>	<u>8,216,760</u>
<b>Shareholder's funds</b>			
		<u>8,019,382</u>	<u>8,216,760</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2020

竹井 弘  
H Takei  
Director

The notes on pages 12 to 20 form part of these financial statements.

**KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	13,294,164	(949,176)	12,344,988
Loss for the year	-	(124,064)	(124,064)
	<hr/>	<hr/>	<hr/>
Shares redeemed during the year	(4,004,164)	-	(4,004,164)
	<hr/>	<hr/>	<hr/>
<b>At 1 January 2019</b>	9,290,000	(1,073,240)	8,216,760
Loss for the year	-	(197,378)	(197,378)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<u>9,290,000</u>	<u>(1,270,618)</u>	<u>8,019,382</u>

The notes on pages 12 to 20 form part of these financial statements.

## **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. General information**

Kajima Europe Design and Construction (Holding) Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office and principal place of business is 55 Baker Street, London, W1U 8EW. The nature of the company's operations and its principal activities are set out in the business review on page 1. Details of the company's immediate and ultimate parent undertakings are provided in Note 16.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

These financial statements have been prepared in pounds sterling because that is the currency of the primary economic activity in which the company operates (its functional currency).

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Exemption from preparing consolidated financial statements and exemptions taken**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Kajima Europe Limited, the group accounts of which are available to the public and can be obtained as set out in Note 16.

##### **2.3 Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 1 to 2.

The company has net assets of £8.0m (2018: £8.2m) including a £3.4m (2018: £10.1m) loan to its parent undertaking, KEL, which is due within one year and for which recoverability is not in doubt.

After making enquiries, including assessing the impact of Covid-19 on the business activities, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### **2.4 Impact of new international reporting standards, amendments and interpretations**

There are no new or amended IFRS standards effective during the current year that have had, or are likely to have, a material impact on the company.

## **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.5 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### **2.6 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. Deferred tax is determined using tax rates which have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

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

##### **2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

## KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.8 Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The entity always recognises lifetime ECL (expected credit losses) for financial assets. The expected credit losses on these financial assets are estimated using the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where assets are assessed to be impaired, provisions are made on an ad hoc basis, the carrying values being adjusted and the profit and loss account debited accordingly.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are recognised at amortised cost.

Trade creditors, loans and other payables that have fixed or determinable payments that are not quoted in an active market are recognised at amortised cost.

##### 2.9 Operating profit

Operating profit is stated after charging restructuring costs but before interest income and expenses.

## KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in Note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical judgements in applying the company's accounting policies*

The directors have made the critical judgement in the process of applying the company's accounting policies over determining whether investments should be impaired. This requires an estimate to be made of the recoverability of the investments held within the company's subsidiaries.

##### *Key sources of estimation uncertainty*

The key source of estimation uncertainty in the preparation of these financial statements is that the directors are required to make an estimate to of the recoverability of the investment held within the company's subsidiaries. Estimates may differ from the actual recoverability of the investments.

In addition to the day to day operations of the company, the Directors have considered the impact of the Covid-19 virus epidemic and do not consider there to be key sources of estimation uncertainty which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year. The impact of Covid-19 has been further explained with the going concern assessment in the Strategic report (see page 1).

#### 4. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
For the audit of the annual accounts	3,600	5,000
	<u>3,600</u>	<u>5,000</u>

#### 5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

**KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**6. Interest receivable**

	2019 £	2018 £
Subsidiary undertakings	20,620	49,010
Parent company	15,793	26,485
	<u>36,413</u>	<u>75,495</u>

**7. Interest payable and similar expenses**

	2019 £	2018 £
Subsidiary undertakings	15,793	26,485
Parent company	39,872	65,272
	<u>55,665</u>	<u>91,757</u>

# KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 8. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	(5,723)
<b>Total tax</b>	<u>-</u>	<u>(5,723)</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(197,378)</u>	<u>(129,787)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(37,502)	(24,660)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	-	(5,723)
Transfer pricing adjustments	(180)	(95)
Group relief	37,682	24,755
<b>Total tax charge for the year</b>	<u>-</u>	<u>(5,723)</u>

#### Factors that may affect future tax charges

The finance act 2016 provided for a further rate reduction from 19% to 17% effective from 1 April 2020, which was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of potential deferred tax assets and liabilities at the balance sheet date. Subsequent to the balance sheet date the 2020 budget, which has yet to be enacted, resulted in the corporation tax rate being held at 19%. This change has not been reflected in the accounts but is not anticipated to have a material impact.

A potential deferred tax asset of £84,893 (2018: £75,996), all in relation to tax losses, has not been recognised on the basis that it is not expected to have any practical value in the short term.

# KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation and NBV</b>	
At 1 January 2019	9,349,026
At 31 December 2019	<u>9,349,026</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Kajima Poland SP. z o. o.	00-697 Warsaw. Al.Jerozolimskie 65/79. LIM Centre, 12th Floor, Room 1213	Ordinary	100%
Kajima Czech Design and Construction s. r. o. ("KCDC")	Vinohradská 2828/151, 130 00, Praha 3, Czech Republic	Ordinary	100%

The carrying value of the investments as at 31 December 2019 for the subsidiary undertakings was as follows:

Name	Carrying value of investment £
Kajima Poland SP. z o. o.	4,463,086
Kajima Czech Design and Construction s. r. o. ("KCDC")	4,885,940

### 10. Debtors

	2019 £	2018 £
<b>Due within one year</b>		
Amounts owed by parent company	-	738,700
Amounts owed by fellow subs	2,340,721	8,744,930
Prepayments and accrued income	33	2,024
	<u>2,340,754</u>	<u>9,485,654</u>

# KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	3,408,440	-
Accrued expenses	25,500	25,500
	<u>3,433,940</u>	<u>25,500</u>

The above amounts owed to group undertakings consists of short-term unsecured loans repayable on demand from the company's parent, all bearing an interest charge equal to the cost of bank borrowing plus 0.125%.

### 12. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Due to parent undertakings	-	10,075,830
Due to fellow subsidiary undertakings	269,261	110,693
Due to own subsidiary undertakings	-	738,700
	<u>269,261</u>	<u>10,925,223</u>

### 13. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
9,290,000 (2018 - 9,290,000) Ordinary shares of £1.00 each	<u>9,290,000</u>	<u>9,290,000</u>

All the shares rank pari passu. During the prior year the share capital was reduced following the return of investment and capital reduction in Kajima Poland Sp. z o. o.

### 14. Reserves

#### Profit and loss account

The profit and loss accounts represents cumulative profits and losses, net of dividends and other adjustments.

## **KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **15. Related party transactions**

As permitted by FRS 101, the company has taken advantage of the exemptions available under that standard that allows it not to disclose transactions with wholly owned group companies.

The directors are not aware of any transactions with related parties, including directors that require disclosure.

#### **16. Controlling party**

The company's ultimate controlling entity, ultimate parent company and parent company of the largest group of which the company is a member and for which group financial statements are prepared is Kajima Corporation, a company incorporated in Japan. Copies of the group financial statements of Kajima Corporation are available from 3-1, Motoakasa 1-chome, Minato-ku, Tokyo 107-8388.

The company's immediate controlling entity and smallest group of which the company is a member and for which group financial statements are prepared is Kajima Europe Limited ("KEL"), a company incorporated in Great Britain. Copies of the group financial statements are available from KEL's registered office which is the same as that of the company (page 1).

#### **17. Post balance sheet events**

Subsequent to the balance sheet date, Covid-19 started to increase in Europe. The impact of Covid-19 has been assessed as a non-adjusting post balance sheet event. In making this assessment, the directors have considered the impact of Covid-19 on the company and have not identified any material adjustments required. The impact of Covid-19 has been further explained within the going concern assessment in the Strategic report (see page 1).