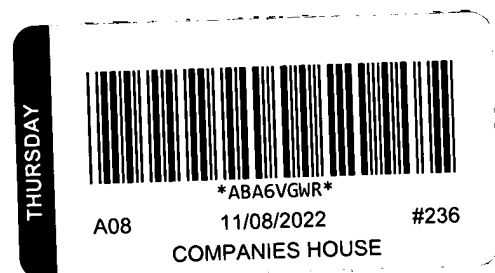


**KAJIMA EUROPE DESIGN AND
CONSTRUCTION (HOLDING) LIMITED**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2021**



KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

COMPANY INFORMATION

Directors	H Ichiki K Koshijima M Iwasaki H Koizumi (resigned 1 April 2021) H Takei T Ashida (resigned 1 April 2021) K Matsuzaki (appointed 1 April 2022)
Company secretary	H Takei
Registered number	06634596
Registered office	10 St. Giles Square London United Kingdom WC2H 8AP
Independent auditor	Deloitte LLP Statutory Auditor London United Kingdom
Bankers	SMBC Bank International plc

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 2021

The directors present their strategic report for the company for the year ended 31 December 2021.

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. This was due to increased costs incurred by the parent undertaking, Kajima Europe Limited. Staff costs are managed by the parent company and charged to relevant subsidiaries. Total Admin costs increased by £38k attributable to salary cost previously carried by the parent.

Kajima Poland Sp. z o. o. and Kajima Czech Design and Construction s.r.o. made post-tax profits of £15.1m (2020: £9.3m) and £2.2m (2020: £0.3m profit) 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 10 of the financial statements, the company made a post tax profit of: £2.4m (2020: loss of £0.2m). At the balance sheet date, the company had net assets of £10.2m (2020: £7.8m). The main driver for the increase in net assets was the receipt of a £2.6m dividend from Kajima Poland.

The company declared a dividend of £nil (2020: £nil) during the year.

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 11, the company, which is financed by share capital, has net assets of £10.2m (2020: £7.8m), including a £11.04m (2020: £3.5m) loan from its parent undertaking, Kajima Europe Limited ("KEL"), which is due within one year.

In making this assessment the Directors have considered the potential impact of the ongoing Covid-19 pandemic and established that it 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.

Subsequent to the balance sheet date, Russia invaded Ukraine. Although the company does not have direct business in either of these countries, they do hold investments and operate development projects in Eastern Europe mainly Poland and Czech Republic. The directors have been monitoring the ongoing impact of the war on the economic environment and have revised its forecasts accordingly. The directors acknowledge that the ongoing conflict will not have an material adverse impact on the Group's operations although they will continue to monitor to future inflation of construction costs and increase of interest rate.

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.

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Statement by the directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006

The board of directors of Kajima Europe Design and 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 2021 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 and signed on its behalf.


H Takei
Director

Date: 5 August 2022

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

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 (2020: £nil) and the directors recommend that no final dividend be paid (2020: £nil).

Matters covered in the strategic report

The strategic report on pages 1-2 includes information on the following matters that would otherwise be required to be presented in the directors' report:

- Going concern;
- Financial risks management; and
- Future Developments.

Directors

The directors who served during the year and up to the date of signing were:

H Ichiki
K Koshijima
M Iwasaki
H Koizumi (resigned 1 April 2021)
H Takei
T Ashida (resigned 1 April 2021)
K Matsuzaki (appointed 1 April 2022)

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

A qualifying third party indemnity provision is currently in force for the benefit of certain directors.

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 s418 of the Companies Act 2006.

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 and signed on its behalf.



H Takei
Director

Date: 5 August 2022

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT 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 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 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 comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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.

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 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.

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 about their own identification and assessment of the risks of irregularities.

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

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

We obtained an understanding of the legal and regulatory framework 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 the 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 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 following area, and our specific procedures performed to address it are described below:

- Recoverability of investments and intercompany receivables. In response to this we tested the design and implementation of the relevant controls in place. We assessed the carrying values against the net asset position of each company KEDCH Limited holds an investment in to identify any indications of impairment. In addition, we assessed the receivables against the cash held and the current asset position to determine recoverability.

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 and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

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 is consistent with the financial statements; and
- the strategic report and directors' report has 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.

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
5 August 2022

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Administrative expenses		(237,373)	(198,878)
Operating loss	4	(237,373)	(198,878)
Interest receivable and similar income	6	2,683,605	24,741
Interest payable and similar expenses	7	(45,239)	(35,423)
Profit/(loss) before tax		2,400,993	(209,560)
Total comprehensive income/(expense) for the year		2,400,993	(209,560)

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 13 to 20 form part of these financial statements.

All results are derived from continuing operations.

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

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	9	9,349,026	9,349,026
		<u>9,349,026</u>	<u>9,349,026</u>
Current assets			
Debtors	10	12,574,315	2,479,020
Cash at bank and in hand		36,247	31,598
		<u>12,610,562</u>	<u>2,510,618</u>
Creditors: amounts falling due within one year	11	(11,748,773)	(4,049,822)
Net current assets/(liabilities)		<u>861,789</u>	<u>(1,539,204)</u>
Total assets less current liabilities		<u>10,210,815</u>	<u>7,809,822</u>
Net assets		<u><u>10,210,815</u></u>	<u><u>7,809,822</u></u>
Capital and reserves			
Called up share capital	12	9,290,000	9,290,000
Profit and loss account	13	920,815	(1,480,178)
		<u>10,210,815</u>	<u>7,809,822</u>

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



H Takei
Director

Date: 5 August 2022

The notes on pages 13 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 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	9,290,000	(1,270,618)	8,019,382
Loss and other comprehensive expense for the year	-	(209,560)	(209,560)
At 31 December 2020	9,290,000	(1,480,178)	7,809,822
Profit and other comprehensive income for the year	-	2,400,993	2,400,993
At 31 December 2021	9,290,000	920,815	10,210,815

The notes on pages 13 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 2021

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, registered number 06634596. The address of the registered office and principal place of business is 10 St. Giles Square, London, United Kingdom, WC2H 8AP. 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 15.

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 a larger group by a parent undertaking established under the law of any part of the United Kingdom 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 as a qualifying entity 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 15.

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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.

As shown on page 11, the company, which is financed by share capital, has net assets of £10.2m (2020: £7.8m), including a £11.04m (2020: £3.5m) loan from its parent undertaking, Kajima Europe Limited ("KEL"), which is due within one year.

In making this assessment the Directors have considered the potential impact of the ongoing Covid-19 pandemic and established that it 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.

Subsequent to the balance sheet date, Russia invaded Ukraine. Although the company does not have direct business in either of these countries, they do hold investments and operate development projects in Eastern Europe mainly Poland and Czech Republic. The directors have been monitoring the ongoing impact of the war on the economic environment and have revised its forecasts accordingly. The directors acknowledge that the ongoing conflict will not have a material adverse impact on the Group's operations although they will continue to monitor the future inflation of construction costs and increase of interest rate.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 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.

2.7 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.

2.8 Operating profit

Operating profit is stated after charging professional fees but before interest income and expenses.

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Critical accounting judgements 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 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.

4. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Audit fees for the audit of the annual accounts	4,255	3,800

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £nil).

6. Interest receivable

	2021 £	2020 £
Subsidiary undertakings	44,566	24,741
Dividends received	2,639,039	-
	<u>2,683,605</u>	<u>24,741</u>

KAJIMA EUROPE DESIGN AND CONSTRUCTION (HOLDING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Interest payable and similar expenses

	2021 £	2020 £
Parent company	45,239	35,423

8. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) before tax	2,400,994	(209,560)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	456,189	(39,816)
Effects of:		
Group relief	(456,189)	39,816
Total tax charge for the year	-	-

Factors that may affect future tax charges

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2021 continue to be measured at a rate of 19%.

A potential deferred tax asset of £84,893 (2020: £84,893), 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 2021

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation and NBV	
At 1 January 2021	9,349,026
At 31 December 2021	<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")	Vinohradska 2828/151, 130 00, Praha 3, Czech Republic	Ordinary	100%

The carrying value of the investments and the aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date 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

	2021 £	2020 £
Due within one year		
Amounts owed by group undertakings	9,984,281	2,478,993
Prepayments and accrued income	2,590,034	27
	<u>12,574,315</u>	<u>2,479,020</u>

Amounts owed by fellow subsidiaries have interest rates of 0.2% applied on them, and are repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	11,692,229	4,024,322
Other creditors	31,044	-
Accrued expenses	25,500	25,500
	<u>11,748,773</u>	<u>4,049,822</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. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
9,290,000 (2020 - 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.

13. Reserves

Profit and loss account

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

14. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. 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 its registered address at 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 (company information page).