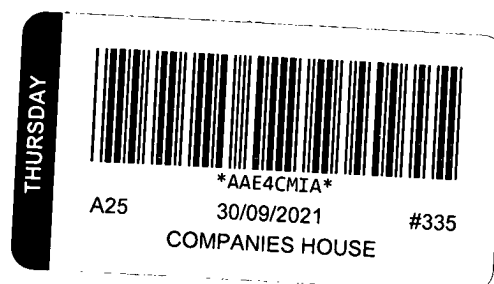


REGISTERED NUMBER: 00679167 (England and Wales)

Clark & Fenn Skanska Limited

Strategic Report, Directors' Report and unaudited Financial Statements

Year Ended 31st December 2020



**Clark & Fenn Skanska Limited (Registered number: 00679167)**

**Contents of the Financial Statements  
For The Year Ended 31st December 2020**

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**Clark & Fenn Skanska Limited (Registered number: 00679167)**

**Company Information  
For The Year Ended 31st December 2020**

**Directors:** A C Farmer  
A M McDonald

**Secretary:** S Leven

**Registered office:** Maple Cross House  
Denham Way  
Maple Cross  
Rickmansworth  
Hertfordshire  
WD3 9SW

**Registered number:** 00679167 (England and Wales)

**Strategic Report  
For The Year Ended 31st December 2020**

The directors present their strategic report for the year ended 31st December 2020.

**Review of business**

Revenue decreased by 32% to £5.5m in 2020 (2019: £8.1m) which is in line with the Company's strategic plan to focus on more profitable and prudent work opportunities. The Company made an operating loss of £6k (2019: £243k operating profit). The reduction in revenue during the year was due to a £1.5m reduction in JV project revenue and £1.5m of Coventry Fire Stopping revenue not recurring in 2020 following the project's completion.

**Key performance indicators**

The Company's key performance indicators are revenue growth and operating margin. This is consistent with Skanska UK Plc and the other principal trading companies within the Skanska group.

In addition, the Company is monitored throughout the year against a scorecard of issues which included: client satisfaction assessments; the number of employee performance appraisals and development plans undertaken; and adherence to the Skanska Group's in-house commercial procedures.

**Principal risks and uncertainties**

The Company's principal risks and uncertainties are related to the contracts it undertakes to perform. Exposure to credit, interest rate and liquidity risk arises in the normal course of the Company's business:

- Management has a credit policy in place. Credit evaluations are performed on all prospective customers prior to entering into construction contracts and exposure to credit risk is monitored on an ongoing basis. At the statement of financial position date there was no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of trade receivables and amounts due from customers for contract work at the statement of financial position date.
- The Company does not seek to reduce exposure to fluctuations in interest rates through the use of derivative financial instruments. The Company meets its day to day working capital requirements through an inter-Company UK pooling arrangement and does not have any bank debt or other external borrowings or facilities.
- Liquidity/cash flow risk is the risk that an entity will encounter difficulty meeting obligations associated with financial liabilities. The Company aims to mitigate these risks by setting and monitoring cash flow targets and by assessing credit worthiness of all material business partners.
- COVID-19 has introduced increased risk to all areas of the Company in 2020. A risk averse culture coupled with open and collaborative relationships with our stakeholders has and will continue to mitigate the impact on delivery and financial performance.
- Brexit did not have a material financial impact to the Business in 2020 which has continued into 2021. A reason for this is that we have worked closely with our key supply chain to ensure that the UK's withdrawal from the EU is managed from a business risk perspective including availability of workforce. The Company continues to review all aspects of how this legislative change could impact its operation and ensure steps are in place to mitigate any financial degradation

**COVID-19 Pandemic**

On the 23 March 2020, the Government in the UK announced a national lockdown in response to the COVID-19 pandemic.

Since it was clear that the COVID-19 pandemic was going to fundamentally impact the economy and our industry, Management have been monitoring the situation closely. From early in 2020, Management introduced increased rigorous reporting and review across all areas to ensure visibility of the potential impact on productivity and delivery to our stakeholders. During this period of change, the Group has ensured to comply with all Government guidelines, and we have concentrated on cash management and stakeholder collaboration.

Throughout this period, the fundamental values that underpin our Business have been prominent in all decision making. Clear communication and standing side by side with our dedicated and exceptional employees have been key, alongside a supportive and collaborative level of engagement with our clients and supply chain partners. The Group's existing Health & Safety framework and culture has once again proven to be a real strength of our operational delivery, keeping everyone safe.

**Strategic Report  
For The Year Ended 31st December 2020**

From an operational point of view, the Business saw an initial reduction in productivity mainly due to Government lockdown and other legislation, including ensuring social distancing on site. Detailed monitoring of the workforce and its health was paramount in Management's strategy, ensuring their safety and also the safety of our partners. As mentioned earlier though, this reduction was far less than first expected and experienced by other industries.

**Market & outlook**

Throughout the pandemic, market conditions have been very unpredictable, so as a Business we have continued to apply a prudent approach to our forecasting and management of the business in 2021 and beyond.

In addition, whilst the impact of Brexit in 2020 has not had a material financial impact, the business still remains wary of the direct and indirect repercussions from the trade deals being finalised. Whilst currently these impacts seem low, management are ensuring appropriate early warning systems are in place which protect the financial performance of the Business in the short, medium and long term. This includes working with our key supply chain partners and clients.

**The environment**

The Company is required to pursue policies that comply with the relevant legislation and standards applicable to its particular industries. Further information on how the Group board is committed to the protecting the environment and making a positive contribution to a more sustainable world is set out on page 6 of the Skanska UK Plc Group's Financial Statements.

**By order of the board:**



A C Farmer - Director

Date: 29th September 2021

**Directors' Report  
For The Year Ended 31st December 2020**

The directors present their report with the financial statements of the Company for the year ended 31st December 2020.

This Directors' report should be read in conjunction with the Strategic Report, which shall be deemed to form part of this Directors' Report to the extent required by applicable law and regulations.

**Principal activity**

The principal activity of the Company in the year under review was that of the provision of specialist sub-contractor activities, including the installation of suspended ceilings and pre-fabricated plaster work, all of which are continuing.

**Results and Dividends**

The company reported revenues of £5.5m in the year (2019: £8.1m) and made an operating loss of £6k (2019: £243k operating profit). No dividend was declared in respect of the year ended 31st December 2020 (2019: £nil).

**Future developments**

The Company will continue to focus on its new business plan being launched in 2021 which will set out our direction for the next several years as well as continuing to focus on mitigation plans in respect of COVID-19 and BREXIT.

**Directors**

The directors who have held office during the whole of the period from 1st January 2020 to the date of this report are:

A C Farmer  
A M McDonald

**Directors' interests and transactions with directors**

None of the directors at 31st December 2020 had any interests required to be disclosed under Section 182 Companies Act 2006. There were no changes in the directors' interests between 31st December 2020 and the date of this report. No director during the year had a material interest in any contract significant to the Company's business.

**Directors' indemnity provisions**

In accordance with the provisions of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as at the date of this report, the articles of association contained provisions for third-party qualifying indemnities where the Company had agreed to indemnify the Directors in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company, and this was in force throughout the financial year ended 31st December 2020.

**Policy on payment of creditors**

Operating businesses within the Skanska Group are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

**Employment policies**

The Company is committed to a policy of providing equal opportunities for all, regardless of race, religion, sex or disability. The Company is committed to training and management development, so as to ensure a supply of trained and skilled employees.

To reflect society at large, the areas in which the Company works, and its customer profile, the Company needs to increase the diversity of its workforce in terms of educational and occupational background, gender and ethnicity. Therefore, the Company is broadening its recruitment base by attaching greater importance to these issues. Examples of our approach in this area include the establishment of a number of employee networks to give a greater voice to under-represented groups, a mixed pair mentoring programme, and a Returners programme which provides a supportive bridge back into employment for people who have been out of work for reasons such as caring responsibilities or raising family.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company and the Skanska Group. This is achieved through formal and informal meetings and in-house publications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

**Directors' Report  
For The Year Ended 31st December 2020**

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

**Post balance sheet events**

On the 23 March 2020 the Government in the UK announced a national lockdown in response to the COVID-19 pandemic. Throughout 2020 there was a series of restrictions placed on the country with another national lockdown announced at the end of 2020. Early 2021 the government announced the easing of these restrictions and disclosed a road map out of the pandemic. The Skanska UK Group has retained a strong balance sheet and order book through the pandemic and has adopted a cautious approach to the easing of the restrictions.

There have been no other post balance sheet events that require disclosure or adjustment in these financial statements.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development and financial position, are set out above. The Directors having given due consideration to these and believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Company meets its day to day working capital requirements through an inter-Company UK pooling arrangement and does not have any bank debt or other external borrowings or facilities. Such arrangements are commonplace in large groups and facilitates effective cash management. The Company has concluded that it relies upon the continuing financial support of its UK parent entity, Skanska UK Plc as this entity controls the movement of cash between UK group companies.

Skanska UK Plc has confirmed it will provide financial support to the Company to assist with meeting liabilities as they fall due, but only to the extent that money is not otherwise available to the Group to meet such liabilities. Skanska UK Plc has also confirmed that it has the ability to provide such support and will provide this support to the Company, to the extent outlined above, for the period from the date of signing these financial statements to 31 December 2022. The Group's financial forecasts, taking into consideration the current environment, show that the Group has adequate resources to continue in operational existence for the period from the date of signing these financial statements to 31 December 2022.

The directors of the Company have made appropriate enquiries to ensure that Skanska UK Plc have sufficient resources to provide the support. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet their liabilities as and when they fall due from when the financial statements are authorised for issue through to the period ended 31 December 2022 and therefore have prepared the financial statements on a going concern basis.

**Audit exemption**

For the year ended 31 December 2020, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

**Directors' responsibilities**

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

In preparing this report, the Directors have taken advantage of the small Companies exemptions provided by section 415A of the Companies Act 2006.

By order of the board:



A C Farmer - Director

Date: 29th September 2021

**Clark & Fenn Skanska Limited (Registered number: 00679167)**

**Statement of Comprehensive Income  
For The Year Ended 31st December 2020**

	Notes	2020 £'000	2019 £'000
Revenue	4	5,527	8,101
Cost of sales		<u>(5,065)</u>	<u>(7,366)</u>
Gross profit		462	735
Administrative expenses		<u>(468)</u>	<u>(492)</u>
Operating (loss) / profit		(6)	243
Interest receivable and similar income	6	<u>10</u>	<u>27</u>
Profit before taxation	7	4	270
Tax credit / (charge) on profit	8	<u>30</u>	<u>(48)</u>
Profit for the financial year		<u>34</u>	<u>222</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>34</u>	<u>222</u>

The notes on pages 9 to 17 form part of these financial statements



**Statement of Financial Position  
For The Year Ended 31st December 2020**

	Notes	2020 £'000	2019 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	522	1,642
Debtors: amounts falling due after more than one year	10	255	225
Contract assets	11	44	607
Cash at bank		3,461	2,825
		<u>4,282</u>	<u>5,299</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors	12	(1,746)	(2,917)
Contract liabilities	13	(73)	(6)
		<u>(1,819)</u>	<u>(2,923)</u>
<b>Net current assets</b>		<u>2,463</u>	<u>2,376</u>
<b>Total assets less current liabilities</b>		<u>2,463</u>	<u>2,376</u>
Provisions for liabilities	14	(53)	-
<b>Net assets</b>		<u>2,410</u>	<u>2,376</u>
<b>Capital and reserves</b>			
Called up share capital	15	7,400	7,400
Retained earnings		(4,990)	(5,024)
<b>Shareholder's funds</b>		<u>2,410</u>	<u>2,376</u>

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31st December 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors on 28 September 2021 and were signed on its behalf by:

  
A C Farmer - Director

**Clark & Fenn Skanska Limited (Registered number: 00679167)**

**Statement of Changes in Equity  
For The Year Ended 31st December 2020**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 January 2019</b>	7,400	(5,246)	2,154
<b>Changes in equity</b>			
Profit for the year	-	222	222
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	222	222
<b>Balance as at 31 December 2019</b>	<u>7,400</u>	<u>(5,024)</u>	<u>2,376</u>
<b>Changes in equity</b>			
Profit for the year	-	34	34
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	34	34
<b>Balance as at 31 December 2020</b>	<u>7,400</u>	<u>(4,990)</u>	<u>2,410</u>

The notes on pages 9 to 17 form part of these financial statements

**Notes to the Financial Statements  
For The Year Ended 31st December 2020**

**1. Statutory information**

Clark & Fenn Skanska Limited is a private company, limited by shares, registered and domiciled in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£000) unless otherwise stated.

**2. Accounting policies**

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention and include the results of activities described in the Directors' report all of which are continuing.

The Directors considered the impact of the COVID-19 crisis on the Company's business operations and future prospects throughout the pandemic. The Company's operations did not feature on the list of business premises which needed to close, and specific measures were implemented to increase the workforce resilience, and to ensure adequate protection for our people in order to maintain operational activity for the majority of our sites.

The Company participates in the Group's centralised treasury operations and so shares banking arrangements with its parent and fellow subsidiaries. As part of the arrangements with the Group's bankers (Skandinaviska Enskilda Banken AB) cash balances are reviewed on a daily basis and transferred between group UK companies when necessary; such arrangements are commonplace in large groups and facilitates effective cash management. The Company has prepared a going concern assessment which has concluded that the Company relies upon the continuing financial support of its UK parent entity, Skanska UK Plc as this entity controls the movement of cash between UK group companies.

Skanska UK Plc has confirmed it will provide financial support to the Company to assist with meeting liabilities as they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities. Skanska UK Plc has also confirmed that it has the ability to provide such support and will provide this support to the Company, to the extent outlined above, for the period from the date of signing these financial statements to 31 December 2022. The Group's financial forecasts, taking into consideration the current environment, show that the group is expected to maintain positive cash flows giving the group the ability to continue to operate for the period from the date of signing these financial statements to 31 December 2022.

The Directors of the Company have made appropriate enquiries to ensure that Skanska UK Plc have sufficient resources to provide the support. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet their liabilities as and when they fall due from when the financial statements are authorised for issue through to the period ended 31 December 2022 and therefore have prepared the financial statements on a going concern basis.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- 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 and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 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
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.
- the requirements of the second sentence of paragraph 110, and paragraph 113(a), 114, 115, 118, 119(a), to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

**Notes to the Financial Statements  
For The Year Ended 31st December 2020**

**2. Accounting policies - continued**

The results of the Company are included in the consolidated financial statements of Skanska Construction UK Limited which have been prepared in accordance with IFRS and are available from Maple Cross House, Denham Way, Maple Cross, Rickmansworth, Hertfordshire, WD3 9SW.

**Early adoption of new or revised IFRS and interpretations**

There has been no early adoption of new or revised IFRS or interpretations.

**New standards and interpretations**

There are no new standards, amendments and interpretations that are effective for the first time for periods beginning on or after 1 January 2020 and have a material impact on the Company.

**Revenue**

Revenue represents the sales value of work done on construction contracts and services activities in the period and excludes VAT. Profit and revenue on construction contracts is calculated in accordance with IFRS 15 Revenue from Contracts with Customers.

When an outcome of a construction contract can be estimated reliably, the Company's preferred method of revenue is the output method in which revenue is recognised based on the units of work performed and the price allocated thereto. This method is applied provided that the progress of the work performed can be measured based on the contract and during the contract's performance. Under this output method the units of work completed under each contract are measured monthly and the corresponding output is recognised as revenue. Where it is not practicable to apply this 'units of production' output method, the 'percentage of completion' input method is used instead. Under this input method costs are recognised as incurred and revenue is recognised based on the proportion of total costs at the reporting date to the estimated total costs of the contract.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered highly probable i.e. agreed with the customer. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is highly probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as a provision for forecast losses.

**Contract Assets and Contract Liabilities**

Unlike the method used to recognise contract revenue, the amounts billed to the customer are based on the monthly achievement of progress towards our performance obligation in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document call a 'certificate of completion' or 'work order'. Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which goods and services transferred to the customer exceed the related amount billed or certified, the difference is recognised as a contract asset. Whereas in contracts in which the goods or services transferred are lower than the amount billed to or certified by the customer, the difference is recognised as a contract liability.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Trade receivables and other receivables do not carry any interest and are stated at their nominal value, reduced by appropriate allowances for estimated irrecoverable amounts. Overdrafts are stated at their nominal value. Interest is recognised as it accrues using the effective interest method. Trade payables on normal terms are not interest bearing and are stated at their nominal value.

**Notes to the Financial Statements  
For The Year Ended 31st December 2020**

**2. Accounting policies - continued**

**Taxation**

Current income tax is recognised in the statement of comprehensive income, except tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxation is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recorded only to the extent that they are considered recoverable.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

**Cash**

Cash in the statement of financial position comprises cash at banks and on hand and with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Where there is the right to offset cash balance and overdrafts these are shown net in the financial statements.

**Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

Certain of the Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is a fellow group company. The Company recognises a cost in its income statement equal to its contribution payable for the period, but does not separately recognise the related assets and liabilities on its balance sheet. The contribution paid by the entity is based on employees' salaries.

**Foreign currency translation**

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**Notes to the Financial Statements  
For The Year Ended 31st December 2020**

**2. Accounting policies - continued**

**Pre-contract cost**

Costs associated with bidding for contracts are expensed as incurred. Once the Company has secured preferred bidder status and it is probable that the contract will be awarded, future costs are capitalised in the financial position.

**Financial guarantees**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness or obligations of other companies within the Skanska UK group, these are considered to be insurance arrangements, and accounted for as such. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the guarantor will be required to make a payment under the guarantee.

**3. Accounting judgements and key sources of estimation uncertainty**

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.

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

The key estimates and judgements in drawing up the financial statements are in connection with construction contracts in progress and claims on construction contracts. The accounting policy for Revenue, details the principal estimation techniques used in establishing attributable profit on construction contracts.

**4. Revenue**

The revenue and profit before taxation are attributable to the one principal activity of the Company.

An analysis of revenue by geographical market for the year ended 31st December 2020 is given below:

	2020 £'000	2019 £'000
United Kingdom	<u>5,527</u>	<u>8,101</u>

All revenue is derived from construction contracts. The directors are of the opinion that the company has one class of business which is the provision of construction services, all of which is derived within the United Kingdom.

Notes to the Financial Statements  
For The Year Ended 31st December 2020

5. Employees and Directors

	2020 £'000	2019 £'000
Wages and salaries	475	615
Social security costs	51	66
Other pension costs	67	74
	<u>593</u>	<u>755</u>

Included in other pension costs is:

	2020 £'000	2019 £'000
Defined benefit costs	-	-
Defined contribution costs	67	74
	<u>67</u>	<u>74</u>

The average monthly number of employees during the year was as follows:

	2020	2019
Management and administration	<u>9</u>	<u>12</u>

	2020 £'000	2019 £'000
Directors' remuneration	<u>29</u>	<u>24</u>

Information regarding the highest paid director is as follows:

	2020 £'000	2019 £'000
Directors' remuneration	<u>16</u>	<u>13</u>
Accrued pension benefits at 31 December	<u>7</u>	<u>46</u>
	2020	2019
Defined contribution schemes	-	-
Defined benefit schemes	<u>-</u>	<u>-</u>

The Directors are employed by Skanska UK Plc. The amounts above represent the costs for the Directors services provided to the company. The remainder of the Directors remuneration is recognised by other group companies.

6. Interest receivable and similar income

	2020 £'000	2019 £'000
Bank interest	<u>10</u>	<u>27</u>

Notes to the Financial Statements  
For The Year Ended 31st December 2020

7. Profit before taxation

The profit before income tax is stated after charging:

	2020 £'000	2019 £'000
Auditors' fees	-	4

8. Taxation

Analysis of tax expense

	2020 £'000	2019 £'000
<b>Current tax</b>		
Current year	(3)	-
Adjustments in respect of prior year	3	1
	-	1
<b>Deferred tax</b>		
Current year	2	46
Adjustments in respect of prior year	(4)	1
Change in tax rate	(28)	
	(30)	47
<b>Total tax (credit) / charge</b>	<b>(30)</b>	<b>48</b>

Factors affecting the tax expense

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

Reconciliation of profits to total tax charge:

Profit before tax	4	270
Profit before tax multiplied by standard rate of corporation tax in the UK 19% (2019: 19%)	1	51
Effects of:		
Expenses not deductible for tax purposes	-	1
Transfer pricing adjustments	(2)	(1)
Adjustment in respect of prior years	(1)	2
Change in rate	(28)	(5)
<b>Tax (credit) / expense</b>	<b>(30)</b>	<b>48</b>

Changes in corporation tax rate

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the company's deferred tax balances at the period end were remeasured at 25% this would result in a £81,000 increase in the deferred tax asset at the year end.



Notes to the Financial Statements  
For The Year Ended 31st December 2020

9. Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade debtors	230	952
Amounts owed by fellow group undertakings	159	385
Other debtors	133	305
	<u>522</u>	<u>1,642</u>

Amounts owed by fellow group undertakings are unsecured, interest-free and repayable on demand.

10. Debtors: amounts falling due after one year

	2020 £'000	2019 £'000
Deferred tax		
Unrelieved trading losses	239	178
Accelerated capital allowances	7	8
Other	9	39
Total tax charge	<u>255</u>	<u>225</u>

Analysis of movements in the year

	2020 £'000	2019 £'000
Deferred tax asset		
As at 1st January 2020	225	272
Deferred tax credit / (expense) in the profit and loss	30	(47)
As at 31st December 2020	<u>255</u>	<u>225</u>

11. Contract assets

At 31 December 2020, the Company had contract assets of £44,000 (2019: £607,000) which is net of an expected credit loss allowance of £nil (2019: £nil). Contract assets consists of work-in-progress.

12. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	99	122
Amounts payable to fellow group undertakings	1,449	1,687
Other creditors	23	68
Accruals and deferred income	175	1,039
Tax	-	1
	<u>1,746</u>	<u>2,917</u>

Amounts payable to fellow group undertakings are unsecured, interest-free and repayable on demand.

Trade creditors and other creditors are non-interest bearing and normally settles on average 30 day basis.

**Notes to the Financial Statements  
For The Year Ended 31st December 2020**

**13. Contract liabilities**

At 31 December 2020, the Company had contract liabilities of £73,000 (2019: £6,000), Contract liabilities consists of billings-in-excess.

Revenue recognised in the year from amounts that were included in the contract liability at the beginning of the period equals £6,000 (2019: £140,000) Revenue recognised in the year from performance obligations satisfied in previous years equals £nil (2019: £nil).

**14. Provision for liabilities**

	Warranty £'000
<b>2020</b>	
At 1 January 2020	-
Reclassified	53
<b>At 31 December 2020</b>	<u>53</u>

Provisions for liabilities are incurred in the normal course of business and are expected to be utilised within two years.

**15. Called up share capital**

Authorised, allotted, issued and fully paid share capital:

Number:	Class	Nominal Value:	2020 £'000	2019 £'000
7,400,000	Ordinary	£1	7,400	7,400

**16. Retirement benefit obligations**

**The Skanska Pension Fund**

The Company, in its capacity as employing company, participates in The Skanska Pension Fund, which includes a defined benefit section and a defined contribution section. This scheme is accounted for in a parent company Skanska UK Plc, details of the pension scheme can be found in these accounts.

**17. Contingent liabilities**

The Company faces contingent liability in respect of guarantees and potential claims by third parties under contracting agreements entered into by them in the normal course of business. These are provided as liabilities only to the extent that the directors believe that the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefit will be required to settle the obligation

**Notes to the Financial Statements  
For The Year Ended 31st December 2020**

**18. Post balance sheet events**

On the 23 March 2020 the Government in the UK announced a national lockdown in response to the COVID-19 pandemic. Throughout 2020 there was a series of restrictions placed on the country with another national lockdown announced at the end of 2020. Early 2021 the government announced the easing of these restrictions and disclosed a road map out of the pandemic. The Skanska UK Plc Group has retained a strong balance sheet and order book through the pandemic and has adopted a cautious approach to the easing of the restrictions.

There have been no other post balance sheet events that require disclosure or adjustment in these financial statements.

**19. Ultimate parent company**

Skanska Construction UK Limited is the immediate parent undertaking and heads the smallest group in which the results of the Company are consolidated.

The ultimate parent company is Skanska AB, a company incorporated in Sweden, which heads the largest group in which the results of the Company are consolidated. The registered address for Skanska AB is Warfväges väg 25, SE-112 74 Stockholm, Sweden.

Copies of the Skanska Construction UK Ltd. and Skanska AB financial statements can be obtained from Skanska UK Plc at Maple Cross House, Denham Way, Maple Cross, Rickmansworth, Hertfordshire. WD3 9SW, United Kingdom.