Company No 04624530

Skanska Infrastructure Investment UK Limited

Report and Financial Statements

For the year ended

31st December 2010

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements and auditor's report for the year ended 31st December 2010

PRINCIPAL ACTIVITIES

The company's principal activity is to invest in projects The directors do not foresee any change in business activities in the foreseeable future

BUSINESS REVIEW

The company achieved financial close on the Essex Schools Ltd PFI project in May 2010 The company also sold its stake in the Bexley Schools project in October 2010

During 2009 the Company adopted International Financial Reporting Standards (IFRSs) as adopted by the EU

FINANCIAL PERFORMANCE

Profit on ordinary activities before tax was £8 4 million (2009 £4 2 million)

The principal reason for this improvement is an increase in loan interest and other fees receivable relating to the M25 project, which closed during 2009, and is the Company's largest project to date In addition, a £1 2 million profit was recognised on the sale of the Bexley Schools project in October 2010

FINANCIAL POSITION

The Company's financial position was strengthened in the year by £7 6 million of post tax profits Total equity attributable to shareholders at the year end was £13 5 million (2009 £6 0 million)

The Company is financed principally by an inter company loan

MARKET AND OUTLOOK

The UK PFI/PPP market is now affected by cutbacks in the British government budget However, opportunities are expected in the fields of health, street lighting networks and waste-to-energy facilities The company is also continuously evaluating the possibilities on entering new business segments, including infrastructure, waste and transport

PRINCIPAL RISKS AND UNCERTAINTIES

The PFI business is largely about risk management The ability to identify and manage these risks is crucial to the Company's success and is therefore an important prerequisite for achieving our strategic goals Unforeseen risks may have a substantial adverse impact on earnings, which is why the Company's risk management system is of key importance

Well implemented procedures for the identification and management of risks and opportunities during the tendering process lay the groundwork for successful projects To ensure a systematic and uniform assessment of projects, the Company uses the Skanska AB Operational Risk Assessment (ORA) system for identifying and managing potential risks throughout the Skanska Group

DIRECTORS' REPORT (continued)

With the help of the ORA, Skanska evaluates projects continuously, from project selection through tender preparation to completion of the assignment, with regard to technical, commercial, legal and financial risks The ORA also analyses a number of general public exposure issues, among them ethical, social and environmental aspects

The ORA process means that tenders are prepared systematically and are analysed in the light of the core strengths of the Skanska Group's businesses, in terms of expertise, geographic market, contract type and size as well as availability of project resources The core competencies have been mapped for each business After completing a risk assessment, management will determine whether a tender should be submitted and how the identified risks can be limited or managed by means of specific measures

The Company's risk management system does not imply avoidance of all risks, but instead aims at identifying, managing and pricing these risks Further details of the Company's principal risks and uncertainties are provided in the sections on market outlook above and in note 19 to these report and accounts 'Accounting estimates and uncertainties'. Financial risks are described in note 13, 'Financial instruments'

The Company is also following the Financial Policy for the Skanska group issued by Skanska Financial Services The purpose of the Financial Policy is to establish the overall financial objectives, the allocation of responsibilities and the limits for financial risks within the framework of the strategic and operative financial management of the Skanska Group, Skanska AB and the Business Units

SUSTAINABILITY AND THE ENVIRONMENT

The Company acts in accordance with the Code of Conduct and this increasingly means acting in a sustainable and responsible manner to meet the long-term demands of the Group's shareholders, customers and employees, as well as society at large

The Company is required to pursue policies that comply with the relevant legislation and standards applicable to its particular industries The Company's Environmental Management System has gained the ISO 14001 accreditation

RESULTS AND DIVIDENDS

The results for the period are set out in the statement of comprehensive income on page 7 The directors do not propose to recommend the payment of any dividend on the issued ordinary share capital of the Company in respect of the year ended 31st December 2010 (2009 £nil)

DIRECTORS

The following persons were directors of the Company during the year -

S J Cooper
S R Sams (resigned 1 April 2011)
H M Wilson
P A Bannister
C James
N A Doherty

There were no changes in the directors' interests between 31 December 2010 and the date of this report, other than those stated above No directors during the year had a material interest in any contract significant to the Company's business

DIRECTORS' REPORT (continued)

DONATIONS

During the year the Company made no charitable or political donations

GOING CONCERN

Notwithstanding the net current liabilities of £74,662,000 as at 31 December 2010 (2009 £49,688,000), the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis on the grounds that future profit forecasts and cash flows illustrate a return to profitability in the foreseeable future, and, as noted below, the company continues to receive support from its parent

The Company is reliant on the continued support of its immediate parent company, Skanska Infrastructure Development Holding AB, which has confirmed that it is its present intention to provide sufficient funds to enable the company to continue its normal trading activities and pay its debts as and when they fall due for the foreseeable future, being at least one year from the date of approval of these financial statements

POST BALANCE SHEET EVENTS

On 19 April 2011, financial close was achieved on the Croydon and Lewisham Lighting Services Ltd PFI project

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By Order of the Board

S J Cooper
Director

Date 9 September 2011

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

Registered in England
Registration number 04624530

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU ("Adopted IFRSs") and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Skanska Infrastructure Investment UK Limited

We have audited the financial statements of Skanska Infrastructure Investment UK Limited for the year ended 31 December 2010 set out on pages 7 to 19 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland)

Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements and the part of the Directors' Remuneration Report to be audited 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

Andrew Marshall (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditors
Chartered Accountants
15 Canada Square,
London, E14 5GL
9 September 2011

Statement of comprehensive income for the year ended 31st December 2010

	Notes	2010 £'000	2009 £'000
Revenue	3	5,004	1,739
Cost of Sales		(4,400)	(2,239)
Gross profit/(loss)		604	(500)
Net operating and other administrative income		17	32
Operating profit/(loss)		621	(468)
Finance income	10	7,363	5,150
Finance costs	11	(919)	(485)
Other income	12	82	-
Profit on sale of investments	7	1,209	-
Profit before tax on continuing activities	2	**8,356**	**4,197**
Tax charge	6	(806)	(1,175)
Profit for the year		7,550	3,022

The company has no other comprehensive income or expense in the period with the exception of the profit for the year

All results are derived from continuing operations

The notes on pages 11 to 19 form an integral part of these financial statements

Statement of financial position at 31st December 2010

	Notes	2010 £'000	2009 £'000
Non- current assets			
Investments	7	88,186	55,662
Current assets			
Trade and other receivables	8	527	553
Accrued interest receivable from joint ventures and associates		1,286	775
		1,813	1,328
Total assets		89,999	56,990
Current liabilities			
Trade and other payables	9	(73,597)	(48,669)
Corporation tax	9	(2,878)	(2,347)
Total liabilities		(76,475)	(51,016)
Net assets		**13,524**	**5,974**
Equity			
Called up share capital	14	100	100
Retained earnings	15	13,424	5,874
Total equity	16	**13,524**	**5,974**

The notes on pages 11 to 19 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 9 September 2011 and signed on its behalf by

S J Cooper
Director

Statement of changes in equity

For the year ended 31st December 2010

	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 31st December 2008	**100**	**2,852**	**2,952**
Profit for the year		3,022	3,022
Balance at 31st December 2009	**100**	**5,874**	**5,974**
Profit for the year		7,550	7,550
Balance at 31st December 2010	**100**	**13,424**	**13,524**

The notes on pages 11 to 19 form an integral part of these financial statements

Statement of cash flows

For the year ended 31st December 2010

	2010 £'000	2009 £'000
Cash flows from operating activities		
Profit before tax	8,356	4,197
Adjustments for		
Finance income	(7,363)	(5,150)
Finance costs	919	485
Dividend income	(82)	-
Profit on sale of investment	(1,209)	-
(Increase)/decrease in trade and other receivables	(485)	44
(Decrease)/increase in trade and other payables	(159)	181
Cash generated from operations	**(23)**	**(243)**
Income taxes paid	-	-
Net cash outflow from operating activities	**(23)**	**(243)**
Cash flows from investing activities		
Movements in inter-company balances	24,812	26,124
Loans to joint venture companies	(33,985)	(30,546)
Finance income received	7,363	5,150
Dividends received	82	-
Sale of investment	2,670	-
Net cash flows from investing activities	**942**	**728**
Cash flows from financing activities		
Finance costs paid	(919)	(485)
Net cash inflow /(outflow) from financing activities	**(919)**	**(485)**
Net movement in cash	-	-
Cash at the beginning of the year	-	-
Cash at the end of the year	-	-

The notes on pages 11 to 19 form an integral part of these financial statements

Notes to the financial statements

1 Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently in the current year and the preceding year is set out below The financial statements are presented in pounds sterling (rounded to the nearest thousand), being the functional currency of the company

(a) Accounting conventions
The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the IFRS Interpretations Committee and its predecessor the Standing Interpretations Committee (SIC), to the extent these standards and interpretations have been approved by the EU

(b) New standards and interpretations

The following new standards, interpretations and amendments, effective for the first time from 1 January 2010, have not had a material effect on the financial statements
- Amendments to IFRS 2 'Share-based Payment',
- Revised IFRS 3 'Business Combinations',
- Amendments to IAS 27 'Consolidated and Separate Financial Statements',
- Amendments to IAS 17 'Leases',
- Amendments to IAS 39 and IFRS 7 'Financial Instruments',
- Amendments to IAS 39 and IFRIC 9 'Embedded Derivatives',
- Improvements to IFRS (issued by IASB April 2009),
- IFRIC 12 'Service Concession Arrangements',
- IFRIC 15 'Agreements for the Construction of Real Estate',
- IFRIC 16 'Hedges of Net Investment in a Foreign Operation',
- IFRIC 17 'Distribution of Non-cash Assets to Owners', and
- IFRIC 18 'Transfer of Assets from Customers'

IFRIC 12 has little impact on these accounts as the PFI projects are not consolidated

(c) Basis of preparation

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements because it is a wholly owned subsidiary of Skanska AB These financial statements present information about the Company as an individual undertaking and not about its group

Notwithstanding the net current liabilities of £74,662,000 as at 31 December 2010 (2009 £49,688,000), the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis on the grounds that future profit forecasts and cash flows illustrate profitable trading for the foreseeable future

The Company is reliant on the continued support of its immediate parent company, Skanska Infrastructure Development Holding AB, which has confirmed that it is its present intention to provide sufficient funds to enable the company to continue its normal trading activities and pay its debts as and when they fall due for the foreseeable future, being at least one year from the date of approval of these financial statements

(d) Revenue and profit

Revenue is recognized at the financial completion of Private Finance Initiative ("PFI") arrangements, when management fees and cost re-imbursements become payable Where the company has a separate agreement to be paid for its work, regardless of a specific project's outcome, income is accrued

Notes to the financial statements (continued)

1 Accountıng Polıcıes (contınued)

(e) Pre-contract costs

Costs assocıated wıth bıddıng for projects are wrıtten off as ıncurred Once the Company has secured preferred bıdder status and ıt ıs probable that the contract wıll be awarded, future costs are capıtalısed ın the statement of financıal posıtıon When financıal close ıs achıeved on PFI contracts and pre-contract costs are recovered, those costs that were not prevıously capıtalısed are credıted to the ıncome statement

(f) Non- current assets - ınvestments

Investments are stated at costs less ımpaırment

(g) Related party transactıons

The Company ıs a wholly owned subsıdıary of Skanska AB, and undertakes transactıons wıth related partıes wıthın the Skanska AB group of companıes These transactıons ınclude management charges for servıces provıded and receıved and amounts payable to group undertakıngs Detaıls of the parent company are dısclosed ın note 16

(h) Fınancıal instruments

Fınancıal assets and financıal lıabılıtıes are recognısed ın the Company Balance Sheet when the Company becomes party to the contractual provısıons of the ınstrument Trade receıvables and other receıvables do not carry any ınterest and are stated at theır nomınal value, reduced by approprıate allowances for estımated ırrecoverable amounts Interest ıs accounted for on an accruals basıs Trade payables on normal terms are not ınterest bearıng and are stated at theır nomınal value

2 Profit on ordınary actıvıtıes before taxatıon

Audıtors' remuneratıon for the perıod was £11,400 (2009 £11,000)

3 Revenue

The dırectors are of the opınıon that revenue represents one class of busıness whıch ıs ınvestıng ın prıvately financed ınfrastructure projects The turnover arıses wholly wıthın the Unıted Kıngdom

4 Staff numbers and costs

There were no employees ın the year (2009 nıl)

All staff costs durıng both perıods were ıncurred by the fellow subsıdıarıes of the ultımate parent company

5 Dırectors' remuneratıon

No dırectors' emoluments, fees or other costs were ıncurred by the Company durıng the year (2009 nıl) The dırectors' emoluments were ıncurred by fellow subsıdıary companıes of the ultımate parent company and no part of theır remuneratıon can be specıfically attrıbuted to the Company No dırector has any entıtlement under long term ıncentıve schemes or share optıons

Notes to the financial statements (continued)

6 Corporation tax

Analysis of tax charge in year	**2010 £'000**	**2009 £'000**
Current tax		
UK Corporation Tax charge on profit for the year at 28% (2009 28%)	(1,978)	(1,175)
Adjustment in respect of prior years	1,172	-
Total current tax charge	(806)	(1,175)

The current tax charge for the period is lower than *(2009 the same as)* the standard rate of corporation tax in the UK of 28% (*2009 28%*) It is explained below

	2010 £'000	**2009 £'000**
Current tax reconciliation		
Profit on ordinary activities before tax	8,356	4,197
Current tax at 28% (2009 28%)	(2,340)	(1,175)
Effects of		
Profit on disposal of investments	339	-
Dividends received	23	-
Adjustment in respect of prior years	1,172	-
Total current tax charge for period	(806)	(1,175)

The UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (and substantively enacted on 20 July 2010) Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date Therefore, at 31 December 2010, deferred tax assets and liabilities have been calculated based on a rate of 27%, where the temporary difference is expected to reverse after 1 April 2011 The effect of the re-measurement has had no impact on the profit for the year No account will been taken of the further 3% reduction in tax rates until substantive enactment of these changes, however it is estimated that this will not have a material impact on the Company

Notes to the financial statements (continued)

7 Investments

	Shares at cost £'000	Loans to joint venture companies £'000	Total £'000
As at 1st January 2010	142	55,520	55,662
Additions during the year	-	33,985	33,985
Disposals during the year	(5)	(1,456)	(1,461)
At 31st December 2010	137	88,049	88,186

In the opinion of the directors the aggregate value of investments is not less than that shown in the balance sheet

On 30 April 2010, the company invested in a 87 5% share in Skanska RM PSP Limited, a partnership with RM plc who are an international provider of education solutions and the UK's leading provider of ICT software, systems and infrastructure for schools On this same date, Skanska RM PSP Limited invested in a 80% share in Essex LEP Limited, to develop schools in the Essex area in association with Essex County Council over a ten year period Also on this date, the company invested a 52% share (of which 7% was invested via the LEP) in Essex Schools (Holdings) Limited, to develop, construct and maintain three new PFI schools, which include two secondary schools and a special school and college In addition, Skanska will extend an existing special school

On 15 October 2010, the company disposed of its 50% share in the Investors in the Community (Bexley Schools) Limited project Sales proceeds amounted to £1,214,007 for the shares and £1,456,241 for the loan stock The profit on disposal amounted to £1,209,007

The company owned investments in the following companies at the year end

	Percentage held	Nature of business	Country of registration
Midlothian Schools (Holdings) Limited	50%	Holding Company	Scotland
Bristol PFI Development Limited	50%	Holding Company	England and Wales
Bristol PFI Debt Co 1 Limited	100%	PFI Investment	England and Wales
Derby Healthcare (Holdings) Limited	25%	Holding Company	England and Wales
Capital Hospitals (Holdings) Limited	37 5%	Holding Company	England and Wales
Central Nottinghamshire Hospitals (Holdings) Limited	50%	Holding Company	England and Wales
Walsall Hospital Company PLC	50%	Holding Company	England and Wales
Connect Plus (M25) Holdings Limited	40%	Holding Company	England and Wales
Connect Plus (M25) Intermediate Limited	40%	Holding Company	England and Wales
Surrey Street Lighting Services Limited	50%	Holding Company	England and Wales
Skanska RM PSP Limited	87 5%	Project Company	England and Wales
Essex Schools (Holdings) Limited	45%	Holding Company	England and Wales

Notes to the financial statements (continued)

7 Investments (continued)

The principal activity of the Midlothian Schools (Holdings) Limited group of companies, is to finance, design, construct and provide certain additional services to 8 primary schools over a 30 year period in Midlothian, Scotland

The principal activity of the Derby Healthcare (Holdings) Limited group of companies is to finance, design, construct and provide certain additional services over a 40 year period at Derby City General Hospital, Derbyshire Royal Infirmary, and other associated locations

The principal activity of Capital Hospitals (Holdings) Limited is to finance, design, construct and provide certain additional services over a 42 year period at Barts and the Royal London Hospitals

The principal activity of the Central Nottinghamshire Hospitals (Holdings) Limited group of companies is to finance, design, construct and provide certain additional services over a thirty eight year period at Kings Mill Hospital, Mansfield Community Hospital and Newark Hospital

The principal activity of the Walsall Hospital PLC group of companies is to finance, design, construct and provide certain additional services over a 40 year period at Walsall Hospital, and other associated locations

The principal activity of the Connect Plus (M25) Holdings Limited is to finance, design and construct the widening of sections of the motorway and provide certain additional services over a period of 30 years on the M25 London orbital motorway

Surrey Street Lighting Services Limited will provide ongoing maintenance and a street lighting replacement programme over a twenty five year period within Surrey The project reached financial close on 24 November 2009

The principal activity of Skanska RM PSP Limited is the development of education and schools projects in the Essex area, and the provision of Information and Communication Technology services to these schools

The principal activity of Essex Schools (Holdings) Limited is to develop, construct and maintain three new PFI schools, which include two secondary schools and a special school and college In addition, Skanska will extend an existing special school

Since the year end, the Company has acquired 50% of the shares in Croydon and Lewisham Lighting Services (Holdings) Limited, a company registered in England and Wales The principal activity of Croydon and Lewisham Lighting Services (Holdings) Limited is to provide ongoing maintenance and a street lighting replacement programme over a twenty year period within Croydon and Lewisham The project reached financial close on 19 April 2011

8 Trade and other receivables

	2010 £'000	2009 £'000
Accrued Income	527	553

Notes to the financial statements (continued)

9 Trade and other payables

	2010 £'000	2009 £'000
Corporation tax	2,878	2,347
Due to group undertakings – non interest bearing	7,781	5,420
Other payables	1,644	198
Due to group undertakings – interest bearing	64,172	43,051
	76,475	51,016

The interest bearing amount due to group undertakings includes an amount payable to Skanska Financial Services AB of £17,877,371 (2009 £15,090,908) in relation to a UK cash pool account, which bears interest at a variable rate In 2010 the interest rate was 1 1% (2009 2 6%) Also included in the interest bearing amount due to group undertakings are various loans from Skanska Financial Services AB totalling £46,294,511 (2009 £27,959,831) These loans accrue interest at a variable rate, based on LIBOR, and are all payable within one year

10 Finance income

	2010 £'000	2009 £'000
Interest receivable	6,290	3,894
Commitment fees	1,073	1,256
	7,363	5,150

11 Finance costs

	2010 £'000	2009 £'000
Interest payable	(919)	(485)

12 Other income

	2010 £'000	2009 £'000
Dividends received from investments	82	-

Notes to the financial statements (continued)

13 Financial Instruments

Exposure to credit, interest rate and liquidity risks arises in the normal course of the Company's business

Credit risk

Management has a credit policy in place Credit evaluations are performed on all prospective customers prior to entering into construction contracts Every joint investor in a project is required to provide a letter of credit to support its obligations prior to financial close unless payment is made at financial close The maximum exposure to credit risk is represented by the carrying amounts due from other group companies

Interest rate risk

The Company does not seek to reduce exposure to fluctuations in interest rates through the use of derivative financial instruments

Liquidity risk

The Company uses cash-flow projections as a means of managing the fluctuations in short-term liquidity and to minimise the risk that it cannot meet its payment obligations due to lack of liquidity

Fair values

The carrying amount shown in the balance sheet for trade receivables, cash and cash equivalents, trade and other payables are not considered to be materially different from their fair values

Sensitivity analysis

At 31 December 2010, it is estimated that a general rise of one percentage point in interest rates would have an adverse impact on profit before tax of £641,719 (2009 £430,507)

14 Share capital

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100	100

15 Retained earnings

	2010 £'000	2009 £'000
At beginning of the year	5,874	2,852
Profit for the financial year	7,550	3,022
At the end of the year	13,424	5,874

Notes to the financial statements (continued)

16 Reconciliation of movements in shareholders' funds

	2009 £'000	2009 £'000
Opening shareholders' Funds	5,974	2,952
Profit for the financial year	7,550	3,022
Closing shareholders' Funds	13,524	5,974

17 Other commitments

	Equity £'000	Subordinated loans £'000	Total £'000
Less than one year	-	50,296	50,296
Between two and five years	-	30,515	30,515
Over five years	-	-	-
	-	80,811	80,811

All amounts relate to the Company's obligation to subscribe for subordinated loans in its investments detailed in note 7

18 Contingent liabilities

As far as the directors are aware, there are no contingent liabilities as at the year end

19 Accounting estimates and uncertainties

The preparation of the financial statements in conformity with IFRS 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 the impairment of investments

Notes to the financial statements (continued)

20 Related Party transactions

By virtue of its equity investment in PFI project companies, the company is a related party to the project companies outlined in note 7 Transactions with these parties are included within notes 8,10,12 and 17

21 Ultimate Parent Company

Skanska Infrastructure Development Holding AB, a company incorporated in Sweden, 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

Copies of the Skanska AB financial statements can be obtained from Skanska UK plc at Maple Cross House, Denham Way, Maple Cross, Rickmansworth, Herts WD3 9SW