

REGISTERED NUMBER: 04624530 (England and Wales)

Skanska Infrastructure Investment UK Limited

Strategic Report, Directors' Report and unaudited Financial Statements

For the Year Ended 31st December 2021



**Contents of the Financial Statements
For The Year Ended 31st December 2021**

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

Skanska Infrastructure Investment UK Limited (Registered number: 04624530)

Company Information

For The Year Ended 31st December 2021

Directors: P A Bannister
S Paul

Secretary: S Leven

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

Registered number: 04624530 (England and Wales)

Auditors: Ernst & Young LLP
1 More London Place
London
SE1 2AF

**Strategic Report
For The Year Ended 31st December 2021**

The directors have pleasure in presenting their strategic report of Skanska Infrastructure UK Limited (the 'Company') for the year ended 31st December 2021.

Review of Business

During 2021, the Company continued to hold its investment in its subsidiary undertaking, Skanska RM PSP Limited ('PSP'). The profit on ordinary activities before tax was £95,000 (2020: £135,000). The directors are actively pursuing options to dispose of the investment in PSP, subsequent to which the Company is expected to be liquidated.

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.

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 and outlook below and in note 2 to this report and accounts 'Accounting judgements and key sources of estimation uncertainty'. Financial risks are described in note 12, '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.

COVID-19 Pandemic

Whilst variants of COVID-19 persist, the UK's economic bounce back was faster than predicted as spending surged after lockdown measures were lifted. Restrictions onsite and in offices were removed across the Skanska Group at the end of the first half of 2021, as per government guidelines and policy. Key reporting and review processes implemented at the start of the pandemic continued to be used, enabling management to continue concentrating on cash management and managing potential financial exposure on a proactive basis.

Throughout the pandemic, 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 Company's existing Health & Safety framework and culture has once again proven to be a real strength of our operational delivery, keeping everyone safe.

Detailed monitoring of the workforce and its health continues to be paramount in Management's strategy, ensuring their safety and also the safety of our partners.

Market & outlook

The UK PFI/PPP market has been affected by cutbacks in the British government budget over recent years. As a result, the Company has decided to withdraw from the market. The Company is actively pursuing options to dispose of its investment in PSP, subsequent to which the Company is expected to be liquidated..

Key performance indicators

Given the decision to divest all projects, the directors believe that analysis of the results of the Company by reference to historic KPI measures is not relevant. The key performance indicators for the future performance of the business will relate to the successful liquidation of the entity in the foreseeable future.

By order of the board:



.....
P Bannister - Director

Date: ..2 September 2022.....

Directors' Report
For The Year Ended 31st December 2021

The directors present their report with the financial statements of the Company for the year ended 31st December 2021.

Principal activity

The Company's principal activity has been to invest in projects and divest once the projects are operational and delivering the services. In March 2019, the directors of the Company announced their intention to cease operations. As at 31 December 2021 the Company still has an equity investment in PSP. The directors are actively pursuing options to dispose of this investment and subsequently liquidate the Company.

Dividends

The results for the year are set out in the statement of comprehensive income on page 8. The directors have not proposed a dividend in respect of the year ended 31 December 2021 (2020: £nil).

Future developments

The directors have announced their intention to cease operations and are actively pursuing options to divest from all remaining projects.

Directors

The directors shown below have held office during the year and up to the date of this report.

P A Bannister	
C K K Gangotra	(Resigned 29th July 2022)
S Paul	(Appointed 29th July 2022)

Directors' interests and transactions with directors

None of the directors at 31st December 2021 had any interests required to be disclosed under Section 182 Companies Act 2006. There were no changes in the directors' interests between 31st December 2021 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 requirements of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as at the date of this report, the articles of association contained provision for third-party qualifying indemnities where the Company has 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 2021.

Post balance sheet events

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

Other basis of preparation

Following the decision to cease operations and divest from all projects, the Company has only one investment remaining on its books at 31 December 2021. The directors are pursuing options to dispose of the remaining investment and then intend to liquidate the Company.

In these circumstances it is not appropriate to prepare the financial statements on a going concern basis. As the Company's plans at year end were to continue trading for a period of time and realise its assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior year. This process has not led to any adjustments being recognised in the year.

Audit exemption

For the year ended 31 December 2021, 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.

By order of the board:



.....
P Bannister - Director

Date: 2 September 2022

**Statement of Directors' Responsibilities
For The Year Ended 31st December 2021**

The directors are responsible for preparing the Strategic Report, Directors' 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and then apply them consistently;
- state whether applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures, disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Comprehensive Income
For The Year Ended 31st December 2021

	Notes	2021 £'000	2020 £'000
Revenue	3	-	130
Cost of sales		-	(114)
Gross profit		-	16
Administrative expenses		-	(221)
Operating profit / (loss)		-	(205)
Finance income	5	95	226
Dividend income		-	114
Profit before tax on continuing activities		95	135
Tax credit	6	4	17
Profit for the year		99	152
Other comprehensive income		-	-
Total comprehensive income for the year		99	152

Skanska Infrastructure Investment UK Limited (Registered number: 04624530)

**Statement of Financial Position
31st December 2021**

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments	7	-	-
Current assets			
Trade and other receivables	8	4	1,371
Cash and cash equivalents	9	59,805	58,381
		59,809	59,752
Current liabilities			
Trade and other payables	10	(591)	(633)
		(591)	(633)
Net current assets		59,218	59,119
Net assets		59,218	59,119
Capital and reserves			
Called up share capital	12	100	100
Retained earnings	15	59,118	59,019
Shareholder's funds		59,218	59,119

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 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2021 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 2 September 2022 and were signed on its behalf by:



P Bannister - Director

Skanska Infrastructure Investment UK Limited (Registered number: 04624530)

Statement of Changes in Equity
For The Year Ended 31st December 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1st January 2020	100	58,867	58,967
Changes in equity			
Profit for the year	-	152	152
Total comprehensive income	-	152	152
Balance at 31st December 2020	100	59,019	59,119
Changes in equity			
Profit for the year	-	99	99
Total comprehensive income	-	99	99
Balance at 31st December 2021	100	59,118	59,218

Skanska Infrastructure Investment UK Limited (Registered number: 04624530)

Statement of Cash Flows
For The Year Ended 31st December 2021

	Notes	2021 £'000	2020 £'000
Cash flows (utilised by) / generated from operating activities			
Cash flows generated / (utilised by) from operations	14	1,329	(7,358)
Net cash generated / (utilised by) from operating activities		1,329	(7,358)
Cash flows from investing activities			
Finance income received		95	226
Dividends received		-	114
Repayment of loans from subsidiary undertaking		-	836
Net cash from investing activities		95	1,176
Increase / (decrease) in cash and cash equivalents		1,424	(6,182)
Cash and cash equivalents at beginning of year		58,381	64,563
Cash and cash equivalents at end of year	9	59,805	58,381

**Notes to the Financial Statements
For The Year Ended 31st December 2021**

1. Statutory information

Skanska Infrastructure Investment Limited (the 'Company') is a private company, limited by shares, incorporated 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 (£).

All values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

2. Accounting policies

Basis of preparation

These financial statements have been prepared and approved by the directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and under the historical cost convention. The directors of the Company have announced their intention to cease operations. The Company has only one investment remaining on its books at 31 December 2021. The directors are actively pursuing options to dispose of this investment and then intend to liquidate the Company.

In these circumstances it is not appropriate to prepare the financial statements on a going concern basis. As the Company's plans at the year end were to continue trading for a period of time and realise its assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior year. This process has not led to any adjustments being recognised in the year.

The financial statements contain information about the company as an individual undertaking and not consolidated financial information as the parent of a group. The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to produce group financial statements as the results of the company and its subsidiary undertakings are included in consolidated accounts prepared by Skanska UK plc, a company incorporated in the United Kingdom. The consolidated financial statements of Skanska UK plc are available from the company's registered office.

Early adoption of new or revised IFRS and interpretations

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

Revenue and profit

Revenue is recognised at the financial completion of Private Finance Initiative ("PFI") arrangements, when management fees and cost reimbursements become payable and control is transferred. Where the Company has a separate agreement to be paid for its work, regardless of a specific project's outcome, income is accrued as services are provided. Profit arising from the divestment of the Company's investments is recognised when substantially all of the risks and rewards of ownership have transferred to the buyer.

Pre-contract costs

Costs associated with bidding for projects are written off as incurred. Once the Company has secured preferred bidder status and it is probable that the contract will be awarded, attributable costs incurred from this point are capitalised in the statement of financial position.

Notes to the Financial Statements - continued
For The Year Ended 31st December 2021

2. Accounting policies- continued

Investments

Investments are stated at cost less any applicable provisions for impairment.

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 expected credit losses. Expected credit losses are calculated utilising a provision matrix under the simplified approach under IFRS 9. 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.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Taxation

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.

UK corporation tax is provided at amounts expected to be recovered using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

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.

Accounting judgements and key sources of estimation uncertainty

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.

Notes to the Financial Statements - continued
For The Year Ended 31st December 2021

3. Revenue

The turnover and profit before taxation are attributable to the one principal activity of the Company being the rendering of services to privately financed infrastructure projects.

An analysis of revenue by geographical market for the year ended 31st December 2021 is given below:

	2021 £'000	2020 £'000
United Kingdom	<u>-</u>	<u>130</u>

4. Employees and directors

There were no employees in the year (2020: nil).

All staff costs during both current and prior years were incurred by fellow subsidiaries of the ultimate parent company.

No directors' emoluments were incurred by the Company during the current year. The directors were remunerated by other Skanska group companies for their qualifying services provided to those entities.

5. Finance income

	2021 £'000	2020 £'000
Interest receivable from investments	-	40
Interest receivable from group undertakings	<u>95</u>	<u>186</u>
	<u>95</u>	<u>226</u>

6. Taxation

Analysis of tax credit

	2021 £'000	2020 £'000
Current tax:		
UK Corporation tax current period	(18)	(4)
Adjustment in respect of prior period	<u>22</u>	<u>21</u>
	<u>4</u>	<u>17</u>
Deferred tax:		
Deferred tax current period	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Total tax credit in statement of comprehensive income	<u>4</u>	<u>17</u>

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Notes to the Financial Statements - continued
For The Year Ended 31st December 2021

6. Taxation (continued)

Factors affecting the tax credit

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

	2021 £'000	2020 £'000
Profit before income tax	95	135
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(18)	(26)
Effects of:		
Adjustment in respect of prior year	22	21
Non-taxable income – Dividend income	-	22
Tax credit	4	17

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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%. 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. **Skanska Infrastructure Investment UK Limited (Registered number: 04624530)**

Notes to the Financial Statements - continued
For The Year Ended 31st December 2021

7. Investments

	Loans to Subsidiary undertakings £'000
Cost and net book value at 31st December 2021	-
 Net book value at 31st December 2020	 -

The Company owned an £88 (2020: £88) investment in the following company at the year end:

	Percentage held	Nature of business	Country of registration
Skanska RM PSP Limited	87.5%	Project Company	England and Wales

The principal activity of Skanska RM PSP Limited is the development of education and schools projects in the Essex area.

8. Trade and other receivables

	2021 £'000	2020 £'000
Due from group undertakings	-	1,354
Corporation tax	4	17
	4	1,371

9. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents	59,805	58,381

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Notes to the Financial Statements - continued
For The Year Ended 31st December 2021

10. Trade and other payables

	2021 £'000	2020 £'000
Due to parent company	386	403
Other payables	205	230
	<u>591</u>	<u>633</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

11. 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 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 amount of trade and other receivables. Details of these items are included within note 9.

Interest rate risk

The Company does not seek to reduce exposure to fluctuations in interest rates through the use of derivative financial instruments. At 31 December 2021, the Company has an interest bearing bank balance of £59,805,467 (2020: £58,380,830) in relation to a UK cash pool account, which bears interest at a variable rate. At 31 December 2021, it is estimated that a general rise of one percentage in interest rates would have a positive impact on profit before tax and equity of £598,055 (2020: 583,808).

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 amounts shown in the financial position of all financial assets and financial liabilities are not considered to be materially different to their fair value.

12. Called up share capital

Authorised, allotted, issued and fully paid share capital:

Number	Class:	Nominal value:	2021 £'000	2020 £'000
100,000	Ordinary	£1	<u>100</u>	<u>100</u>

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Notes to the Financial Statements - continued
For The Year Ended 31st December 2021

13. Related party transactions

Transactions between the Company and fellow group undertakings are detailed below. Balances with other group undertakings are disclosed in notes 9 and 11. By virtue of its equity investment in PFI project companies, the company is also a related party to the project companies outlined in note 8. Transactions with these parties are included within notes 6, and 8, and are also detailed below.

	Transaction values 2021 £'000	Transaction values 2020 £'000	Balance as at 2021 £'000	Balance as at 2020 £'000
Parent				
Purchase of services	-	-	(386)	(403)
Other group undertakings				
Purchase of services and trading balances	-	-	-	1,354
Investments				
Sale of services	-	130	-	-
Loan, trading balances and related interest fee receivable	-	-	-	-

14. Reconciliation of profit before income tax to cash generated from / (utilised by) operations

	2021 £'000	2020 £'000
Profit before income tax	95	135
Finance income	(95)	(226)
Decrease / (increase) in trade and other receivables	1,370	(1,350)
Decrease in trade and other payables	(41)	(5,803)
Dividend income	-	(114)
Cash generated from / (utilised by) operations	<u>1,329</u>	<u>(7,358)</u>

15. Reserves

	Retained earnings £'000
At 1st January 2021	59,019
Profit for the year	99
At 31st December 2021	<u>59,118</u>

continued...

16. Ultimate parent company

The Company's immediate parent undertaking and controlling party is Skanska UK plc.

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 UK Plc and Skanska AB financial statements can be obtained from Skanska UK Plc at Maple Cross House, Denham Way, Maple Cross, Rickmansworth, Hertfordshire WD3 9SW.