

**Strategic Report, Directors' Report and  
Audited Financial Statements For The Year Ended 31st December 2020**  
**for**  
**Skanska Infrastructure Investment UK Limited**



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

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>3</b>
<b>Statement of Directors' Responsibilities</b>	<b>5</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Statement of Financial Position</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Statement of Cash Flows</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12</b>

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

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

<b>Directors:</b>	P A Bannister C K K Gangotra
<b>Secretary:</b>	S Leven
<b>Registered office:</b>	Maple Cross House Denham Way, Maple Cross Rickmansworth Hertfordshire WD3 9SW
<b>Registered number:</b>	04624530 (England and Wales)
<b>Auditors:</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

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

The directors have pleasure in presenting their strategic report of Skanska Infrastructure UK Limited (the 'Company') for the year ended 31st December 2020.

**Review of Business**

During 2020, the Company continued to provide management, technical and development services to its indirect investments in two Essex Schools PFI projects, until these were sold by the Company's subsidiary undertaking Skanska RM PSP Limited ('PSP') in May 2020. The profit on ordinary activities before tax was £0.1m (2019: £1.2m). The directors expect to sell the investment in PSP in Q4 2021 and then intend to liquidate the company in the foreseeable future.

**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**

The directors have assessed that the impact of the pandemic on this company has been minimal as the Company has continued to provide, and be paid for, the provision of management services and progress the sale of its investments, whilst ensuring the safety of the Company's employees.

**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. As noted above the Company's indirect investments in two Essex Schools PFI projects were sold by PSP in May 2020. The Company expects to sell its investment in PSP in Q4 2021 and then that the Company will be liquidated in the foreseeable future.

**Key performance indicators**

Given the decision, outlined above, to divest all projects (which was achieved during the year), 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: 30 July 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.

**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. On 22 May 2020, the Company's immediate subsidiary Skanska RM PSP Limited ('PSP') sold its share in Essex LEP to Building Schools for the Future Investments LLP. Following the sale the outstanding loan balance between the Company and PSP of £836k was settled. As at 31 December 2020 the Company still has an equity investment in PSP which directors expect to sell in Q4 2021. Once sold, the directors intend to liquidate the Company by the end of 2022.

**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 2020 (2019: £nil).

**Future developments**

As noted above in March 2019, the directors announced their intention to cease operations. The process is expected to be concluded by the end of 2022.

**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

**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 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 2020.

**Post balance sheet events**

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

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

**Other basis of preparation**

In March 2019, the directors of the Company announced their intention to cease operations. The Company has only one investment remaining on its books at 31 December 2020. The directors expect to sell the remaining investment in Q4 2021 and then intend to liquidate the Company in the foreseeable future.

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.

**Statement as to disclosure of information to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he / she is obliged to take as a director in order to make himself / herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

**By order of the board:**



.....  
P Bannister - Director

Date: .....30 July 2021.....

**Statement of Directors' Responsibilities  
For The Year Ended 31st December 2020**

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.

## **Report of the Independent Auditors to the Members of Skanska Infrastructure Investment UK Limited**

### **Opinion**

We have audited the financial statements of Skanska Infrastructure Investment UK Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

We draw attention to note 2 to the financial statements which explains that the directors intend that the company will cease operations and therefore, they do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2. Our opinion is not modified in this respect of this matter.

### **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## **Report of the Independent Auditors to the Members of Skanska Infrastructure Investment UK Limited**

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

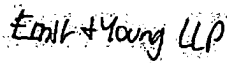
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (the Companies Act 2006 and International Accounting Standards in conformity with the requirements of the Companies Act 2006); and the relevant direct and indirect tax regulation in the UK.
- We understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also obtained and read correspondence with relevant authorities, where applicable.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. In response we performed audit procedures including undertaking testing of manual journals.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: inquiries of senior management, and where applicable, those charged with governance; review of board minutes; testing journals identified by specific risk criteria; and obtaining written representations from the directors of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Campbell (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 30 July 2021

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

	Notes	2020 £'000	2019 £'000
<b>Revenue</b>	3	130	255
Cost of sales		(114)	(282)
<b>Gross profit/(loss)</b>		<u>16</u>	<u>(27)</u>
Administrative (expenses)/income		(221)	729
<b>Operating (loss)/profit</b>	4	<u>(205)</u>	<u>702</u>
Finance income	6	226	486
Dividend income		114	-
<b>Profit before tax on continuing activities</b>		<u>135</u>	<u>1,188</u>
Tax credit/(expense)	7	17	(205)
<b>Profit for the year</b>		<u>152</u>	<u>983</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>152</u>	<u>983</u>

The notes on pages 12 to 19 form part of these financial statements

**Statement of Financial Position**  
**31st December 2020**

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Investments	8	-	836
<b>Current assets</b>			
Trade and other receivables	9	1,371	4
Deferred tax	14	-	-
Cash and cash equivalents	10	58,381	64,563
		59,752	64,567
<b>Current liabilities</b>			
Trade and other payables	11	(633)	(6,436)
		(633)	(6,436)
<b>Net current assets</b>		59,119	58,131
<b>Net assets</b>		59,119	58,967
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Retained earnings	17	59,019	58,867
<b>Shareholder's funds</b>		59,119	58,967

The financial statements were approved by the Board of Directors on ...30 July 2021..... and were signed on its behalf by:



P Bannister - Director

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

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1st January 2019</b>	100	57,884	57,984
<b>Changes in equity</b>			
Profit for the year	-	983	983
Total comprehensive income	-	983	983
Dividends paid	-	-	-
<b>Balance at 31st December 2019</b>	100	58,867	58,967
<b>Changes in equity</b>			
Profit for the year	-	152	152
Total comprehensive income	-	152	152
<b>Balance at 31st December 2020</b>	100	59,019	59,119

**Statement of Cash Flows**  
**For The Year Ended 31st December 2020**

	Notes	2020 £'000	2019 £'000
<b>Cash flows (utilised by) / generated from operating activities</b>			
Cash flows (utilised by) / generated from operations	16	(7,358)	380
Net cash (utilised by) / generated from operating activities		(7,358)	380
<b>Cash flows from investing activities</b>			
Finance income received		226	486
Dividends received		114	-
Repayment of loans from subsidiary undertaking		836	19
Net cash from investing activities		1,176	505
<b>Cash flows from financing activities</b>			
Movements in inter-company balances		-	-
Dividend paid		-	-
Net cash from financing activities		-	-
(Decrease)/increase in cash and cash equivalents		(6,182)	885
Cash and cash equivalents at beginning of year		64,563	63,678
Cash and cash equivalents at end of year	10	58,381	64,563

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

**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. In March 2019, the directors of the Company announced their intentions to cease operations. The Company has only one investment remaining on its books at 31 December 2020. The directors expect to sell the remaining investment in Q4 2021 and then intend to liquidate the Company in the foreseeable future.

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 2020**

**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.

**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 2020 is given below:

	2020 £'000	2019 £'000
United Kingdom	<u>130</u>	<u>255</u>

**4. Operating loss/(profit)**

The operating loss/(profit) is stated after charging:

	2020 £'000	2019 £'000
Auditors' remuneration	<u>17</u>	<u>17</u>

**5. Employees and directors**

There were no employees in the year (2019: 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.



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

6. Finance income

	2020 £'000	2019 £'000
Interest receivable from investments	40	75
Interest receivable from group undertakings	186	411
	<u>226</u>	<u>486</u>

7. Taxation

Analysis of tax credit/(expense)

	2020 £'000	2019 £'000
<b>Current tax:</b>		
UK Corporation tax current period	(4)	(106)
Adjustment in respect of prior period	21	8
	<u>17</u>	<u>(98)</u>
<b>Deferred tax:</b>		
Deferred tax current period	-	(107)
Total deferred tax	<u>-</u>	<u>(107)</u>
Total tax credit/(expense) in statement of comprehensive income	<u>17</u>	<u>(205)</u>

Factors affecting the tax credit/(expense)

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

	2020 £'000	2019 £'000
Profit before income tax	<u>135</u>	<u>1,188</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(26)	(226)
Effects of:		
Adjustment in respect of prior year	21	8
Non-taxable income – Dividend income	22	-
Change in tax rate	-	13
Tax credit/(expense)	<u>17</u>	<u>(205)</u>

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporation tax rate of 17% from 1 April 2020. However, in accordance with the March 2020 budget the rate will not now reduce to 17% with effect from 1 April 2020 and instead will remain at 19%. The Finance Act 2020 received Royal Assent on 22 July 2020. In accordance with the March 2021 budget, the rate will increase to 25% from 1 April 2023.

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

8. Investments

	Loans to Subsidiary undertakings £'000
Cost and Net book Value	
At 1st January 2020	836
Repayment of sub-debt during the year	(836)
At 31st December 2020	-

Net book value	
At 31st December 2019	836

On 22 May 2020, the Company's subsidiary undertaking Skanska RM PSP Limited repaid the loan investment following the sale of its investment in Essex LEP to Building Schools for the Future Investments LLP.

In the opinion of the directors the aggregate value of investments is not less than that shown in the Statement of Financial Position.

The Company owned an £88 (2019: £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.

9. Trade and other receivables

	2020 £'000	2019 £'000
Due from group undertakings	1,354	-
Corporation tax	17	-
Accrued income	-	4
	<u>1,371</u>	<u>4</u>

10. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash and cash equivalents	<u>58,381</u>	<u>64,563</u>

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

11. Trade and other payables

	2020 £'000	2019 £'000
Due to group undertakings	-	5,931
Due to parent company	403	-
Other payables	230	102
Corporation tax	-	403
	<u>633</u>	<u>6,436</u>

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

12. 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 2020, the Company has an interest bearing bank balance of £58,380,830 (2019: £64,562,831) in relation to a UK cash pool account, which bears interest at a variable rate. At 31 December 2020, 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 £583,808 (2019: 645,628).

**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.

13. Called up share capital

Authorised, allotted, issued and fully paid share capital:

Number	Class:	Nominal value:	2020 £'000	2019 £'000
100,000	Ordinary	£1	<u>100</u>	<u>100</u>

14. Deferred tax asset

	2020 £'000	2019 £'000
Deferred tax on provisions	-	-
Asset at end of period	<u>-</u>	<u>-</u>

	2020 £'000	2019 £'000
Deferred tax, 1 January	-	(107)
Deferred tax movement in income statement	-	107
Deferred tax, 31 December	<u>-</u>	<u>-</u>

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

15. 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 2020 £'000	Transaction values 2019 £'000	Balance as at 2020 £'000	Balance as at 2019 £'000
<b>Parent</b>				
Purchase of services	-	-	(403)	-
<b>Other group undertakings</b>				
Purchase of services and trading balances	-	1,566	1,354	(5,931)
<b>Investments</b>				
Sale of services	130	255	-	-
Loan, trading balances and related interest fee receivable	-	75	-	-

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

	2020 £'000	2019 £'000
Profit before income tax	135	1,188
Finance income	(226)	(486)
(Increase)/decrease in trade and other receivables	(1,350)	1,998
Decrease in trade and other payables	(5,803)	(2,320)
Dividend income	(114)	-
Cash (utilised by) / generated from operations	<u>(7,358)</u>	<u>380</u>

17. Reserves

	Retained earnings £'000
At 1st January 2020	58,867
Profit for the year	152
At 31st December 2020	<u>59,019</u>

**18. 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.