

REGISTERED NUMBER: 07283010 (England and Wales)

**Directors' Report and
Audited Financial Statements For The Year Ended 31st December 2017
for
Skanska Residential Development UK Limited**

MONDAY



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For The Year Ended 31st December 2017**

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Skanska Residential Development UK Limited

Company Information
For The Year Ended 31st December 2017

Directors:	C K K Gangotra H K Martin
Secretary:	S Leven
Registered office:	Maple Cross House Denham Way, Maple Cross Rickmansworth Hertfordshire WD3 9SW
Registered number:	/ 07283010 (England and Wales)
Auditors:	Ernst & Young LLP 1 More London Place London SE1 2AF

Directors' Report
For The Year Ended 31st December 2017

The directors present their report with the financial statements of the company for the year ended 31st December 2017.

Principal activity and future developments

The company's principal activity is the management of warranty/defects issues in connection with its residential developments, all of which were completed and sold by 31 December 2014. The company will continue to operate until the warranty period has elapsed.

Review of business

The company made an operating profit in the year of £288,000 (2016: operating loss of £79,000).

Market and outlook

The company has no plans to break ground on any future developments of its own for the foreseeable future.

Principal risks and uncertainties

The company's principal risks and uncertainties are related to residential developments undertaken historically, for which provisions have been made.

Directors

The directors during the year under review and up to the date of this report were:

C K K Gangotra
H K Martin

Going Concern

The company is dependent for its working capital on funds provided to it by Skanska Kraft AB, the company's parent. Skanska Kraft AB has indicated that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of any amounts made available (as of 31 December 2017, there were no borrowings due to Skanska Kraft AB from the company). This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The company participates in the Group's centralised treasury operations and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's parent, Skanska Kraft AB, to their enquiries have no reason to doubt the ability of Skanska Kraft AB to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Skanska Kraft AB, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the company's financial statements.

Strategic report

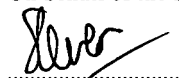
The company has taken the exemption under S414B of the Companies Act 2006 from the requirement to prepare a strategic report for the financial year.

Statement as to disclosure of information to the 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 ensure that the auditor is aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:



S Leven - Secretary

Date: **05 NOV 2018**

Skanska Residential Development UK Limited (Registered number: 07283010)

**Statement of Directors' Responsibilities
For The Year Ended 31st December 2017**

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards 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.

**Independent Auditor's Report to the Members of
Skanska Residential Development UK Limited**

Opinion

We have audited the financial statements of Skanska Residential Development UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 below. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

**Independent Auditors Report to the Members of
Skanska Residential Development UK Limited**

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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.

Ernst & Young LLP

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

Date: *5 November 2018*

Skanska Residential Development UK Limited

**Statement of Comprehensive Income
For The Year Ended 31st December 2017**

	Notes	2017 £'000	2016 £'000
Turnover		-	116
Cost of sales		<u>288</u>	<u>(195)</u>
Gross profit / (loss)		288	(79)
Other operating income		<u>-</u>	<u>-</u>
Operating profit / (loss)		288	(79)
Interest receivable and similar income	4	17	-
Interest payable and similar expenses	5	<u>-</u>	<u>(37)</u>
Profit / (loss) before taxation	6	305	(116)
Tax (charge)/credit	7	<u>(74)</u>	<u>353</u>
Profit for the financial year		231	237
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>231</u></u>	<u><u>237</u></u>

The notes on pages 9 to 11 form part of these financial statements

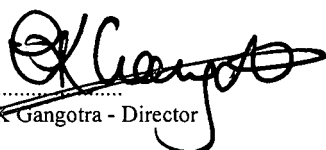
Skanska Residential Development UK Limited (Registered number: 07283010)

Statement of Financial Position
31st December 2017

	Notes	2017 £'000	2016 £'000
Current assets			
Debtors	8	7	6
Cash at bank		<u>6,842</u>	<u>6,990</u>
		6,849	6,996
Creditors			
Amounts falling due within one year	9	<u>(671)</u>	<u>(605)</u>
Net current assets		<u>6,178</u>	<u>6,391</u>
Total assets less current liabilities		6,178	6,391
Provisions for liabilities	10	<u>(2,845)</u>	<u>(3,289)</u>
Net assets		<u>3,333</u>	<u>3,102</u>
Capital and reserves			
Called up share capital	11	5,000	5,000
Retained deficit		<u>(1,667)</u>	<u>(1,898)</u>
Shareholder's funds		<u>3,333</u>	<u>3,102</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 05 NOV 2018 and were signed on its behalf by:


C K K Gangotra - Director

Skanska Residential Development UK Limited

**Statement of Changes in Equity
For The Year Ended 31st December 2017**

	Called up share capital £'000	Retained deficit £'000	Total equity £'000
Balance at 1st January 2016	5,000	(2,135)	2,865
Changes in equity			
Profit for the year	-	237	237
Other comprehensive income for the year	-	-	-
Balance at 31st December 2016	<u>5,000</u>	<u>(1,898)</u>	<u>3,102</u>
Changes in equity			
Profit for the year	-	231	231
Other comprehensive income for the year	-	-	-
Balance at 31st December 2017	<u>5,000</u>	<u>(1,667)</u>	<u>3,333</u>

The notes on pages 9 to 11 form part of these financial statements

Skanska Residential Development UK Limited

Notes to the Financial Statements For The Year Ended 31st December 2017

1. Statutory information

Skanska Residential Development UK Limited is a private company, limited by shares, incorporated, registered and domiciled in England and Wales. The company's registered number and registered office address can be found on the company information page.

The presentation currency of the financial statements is the pound sterling (£).

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 in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" in accordance with applicable accounting standards and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirement of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Taxation

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

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.

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Trade receivables and other receivables do not attract any interest and are stated at their invoiced value, reduced by appropriate allowances for estimated unrecoverable amounts. Overdrafts are stated at their amortised cost using the effective interest rate. Trade payables on normal terms are not interest bearing and are stated at their invoiced value.

3. Employees and directors

The company has no employees and hence there were no staff costs for the year ended 31st December 2017 (2016: £nil). The Directors did not receive any remuneration during the year in respect of their services provided to the company (2016: £nil). The Directors were remunerated by other Skanska Group companies for their services provided to those entities.

4. Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest	<u>17</u>	<u>-</u>

5. Interest payable and similar expenses

	2017 £'000	2016 £'000
Bank interest	<u>-</u>	<u>37</u>

Skanska Residential Development UK Limited

Notes to the Financial Statements - continued
For The Year Ended 31st December 2017

6. Profit / (loss) before taxation

The Profit / (loss) before taxation is stated after charging:

	2017 £'000	2016 £'000
Auditor's remuneration	<u>8</u>	<u>8</u>

7. Taxation

Analysis of income tax

	2017 £'000	2016 £'000
Current tax:		
UK Corporation Tax current year	59	(24)
Adjustment in respect of prior year	<u>15</u>	<u>(329)</u>
Total tax charge/(credit) in statement of comprehensive income	<u>74</u>	<u>(353)</u>

Factors affecting the total tax charge/(credit)

The tax assessed for the year is higher (2016: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £'000	2016 £'000
Profit / (loss) before income tax	<u>305</u>	<u>(116)</u>
Profit / (loss) multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	59	(24)
Effects of:		
Adjustments to tax charge in respect of prior period	<u>15</u>	<u>(329)</u>
Total tax charge/(credit)	<u>74</u>	<u>(353)</u>

Changes in corporation tax rate

The UK corporation tax rate reduced from 20% to 19% from April 2017. The rate will reduce to 17% from April 2020. The rate change will impact the amount of future tax payments to be made by the company.

8. Debtors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade debtors	-	5
Other debtors	<u>7</u>	<u>1</u>
	<u>7</u>	<u>6</u>

Skanska Residential Development UK Limited

Notes to the Financial Statements - continued For The Year Ended 31st December 2017

9. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to other group undertakings	580	1
Tax	74	580
Accruals and deferred income	17	24
	<u>671</u>	<u>605</u>

10. Provisions

	2017 £'000 Warranty/ defects Provision
As at 1 January	3,289
Utilised	(164)
Impact of changes in discounting assumptions	(280)
As at 31 December	<u>2,845</u>

A provision is recognised for warranty/defects claims in relation to residential development sales in 2013/2014, for which the company has contractual warranty obligations up to 2026. With known issues, the majority of the provision is expected to be utilised over the next 5 years.

11. Called up share capital

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £'000	2016 £'000
5,000,000	Ordinary	£1	<u>5,000</u>	<u>5,000</u>

12. Ultimate parent company

Skanska Kraft AB is the company's immediate parent company.

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