

Skanska Project Developments Limited

Report and Financial Statements

for the year ended

31st December 2012



Skanska Project Developments Limited

Directors' Report and Business Review

The directors have pleasure in submitting their report together with the audited financial statements and auditors' report for the year ended 31st December 2012

Principal activities

The Company's principal activity is to act as a holding company for companies engaged in property development and allied activities

Financial performance

The Company commenced trading on the 4th July 2012 when SPDL (Monument) Ltd, a wholly owned subsidiary, acquired its first development. Later in the year the company purchased 66 Queen Square Limited for a total consideration of £5,116,946. The company made an operating loss of £2,000.

Market and outlook

Whilst the market conditions remain challenging the Board considers that there is scope for development of the Company's activities.

Principal risks and uncertainties

The Company's principal risks and uncertainties are related to the developments undertaken by its subsidiaries.

Results and dividends

The results for the year are set out in the Income Statement on page 5. No dividend was declared in respect of the year ended 31st December 2012 (2011: £nil).

Directors

The following persons were directors of the Company during the period:

S C Fasth

D B Hickling

C P Treleaven (appointed on 3rd July 2012)

On 1st July 2013 S C Fasth resigned as a director of the company and on 7th August 2013 A T Lindelof and R F Bayliss were appointed directors of the company.

None of the directors at 31st December 2012 had any interests required to be disclosed under Section 182 Companies Act 2006. There were no changes in the directors' interests between 31st December 2012 and the date of this report. No director during the year had a material interest in any contract significant to the Company's business.

Directors' indemnity provisions

In accordance with the provisions of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as at the date of this report, the articles of association contained provisions for third-party qualifying indemnities where the Company had agreed to indemnify the directors in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company, and this was in force throughout the financial year ended 31st December 2012.

Policy on payment of creditors

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

Environment

The Company is required to pursue policies that comply with the relevant legislation and standards applicable to its particular industries.

Skanska Project Developments Limited

Directors' Report and Business Review (continued)

Donations

During the current and preceding year the Company made no charitable or political donations

Directors' Report and Business Review (continued)

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

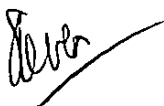
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

Going Concern

The Company is dependent for its working capital on funds provided to it by Skanska UK Plc, the company's ultimate UK parent. Skanska UK Plc 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 the amounts currently made available. 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 UK Plc, to their enquiries have no reason to doubt the ability of Skanska UK Plc 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 UK Plc 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.

By Order of the Board



S Leven
Secretary

Registered office
Maple Cross House,
Denham Way, Maple Cross,
Herts, WD3 9SW
Registered in England,
Registered number 6009021

Skanska Project Developments Limited

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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 they are required to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law and have elected to prepare the Company financial statements on the same basis.

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 for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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.

Skanska Project Developments Limited

Independent auditors' report to the members of Skanska Project Developments Limited

We have audited the financial statements of Skanska Project Developments Limited for the year ended 31st December 2012 set out on pages 5 to 12. 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.

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement 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. Our responsibility is to audit 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2012, and of the loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 company 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.



Andrew Marshall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, statutory auditor
Chartered Accountants
15 Canada Square,
London, E14 5GL

11 Oct 2013

Skanska Project Developments Limited

Income statement for the year ended 31st December 2012

	Notes	2012 <u>£'000</u>	2011 <u>£'000</u>
Revenue		-	-
Cost of Sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses		(2)	-
Operating loss	2	<u>(2)</u>	<u>-</u>
Finance costs	5	(83)	-
Loss before tax		<u>(85)</u>	<u>-</u>
Tax	6	20	-
Loss for the financial year attributable to the equity shareholders		<u>(65)</u>	<u>-</u>

The notes on pages 8 to 12 form an integral part of these financial statements

The Company has no recognised income or expense in either year with the exception of the result for each year. Accordingly, a statement of comprehensive income has not been prepared.

All results are derived from continuing operations.

Statement of changes in equity for the year ended 31st December 2012

	Share capital <u>£'000</u>	Retained earnings <u>£'000</u>	Total equity <u>£'000</u>
At 1 st January 2011	-	-	-
Profit for the year	-	-	-
At 31 st December 2011	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the year	-	(65)	(65)
At 31 st December 2012	<u>-</u>	<u>(65)</u>	<u>(65)</u>

Skanska Project Developments Limited

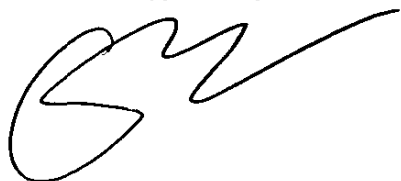
Statement of financial position as at 31st December 2012

	Notes	2012 £'000	2011 £'000
Non-current assets			
Fixed Asset Investments	7	5,117	-
		<u>5,117</u>	<u>-</u>
Current assets			
Trade and other receivables	8	14,019	-
Corporation Tax		20	-
Cash and cash equivalents		-	-
		<u>14,039</u>	<u>-</u>
Total assets		<u>19,156</u>	<u>-</u>
Current liabilities			
Trade and other payables	9	(16)	-
Bank overdraft		(19,205)	-
		<u>(19,221)</u>	<u>-</u>
Total liabilities		<u>(19,221)</u>	<u>-</u>
Net liabilities		<u>(65)</u>	<u>-</u>
Share capital	10	-	-
Retained earnings		(65)	-
Total deficit attributable to equity shareholders of the parent		<u>(65)</u>	<u>-</u>

The notes on pages 8 to 12 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 10th October 2013 and signed on its behalf by

C P Treleaven
Director



Skanska Project Developments Limited

Statement of cash flows for the year ended 31st December 2012

	2012 <u>£'000</u>	2011 <u>£'000</u>
Cash flows from operating activities		
Net Loss before tax	(85)	-
<i>Adjustments for</i>		
Finance costs	83	-
(Increase) in trade and other receivables	(14,019)	-
Increase in trade and other payables	16	-
Cash (outflow) generated from operations	<u>(14,005)</u>	<u>-</u>
Income taxes received	-	-
Net cash (outflow) from operating activities	<u><u>(14,005)</u></u>	<u><u>-</u></u>
Cash flows from investing activities		
Purchase of investment	(5,117)	-
Proceeds from sale of property, plant and equipment	-	-
Net cash (outflow) from investing activities	<u><u>(5,117)</u></u>	<u><u>-</u></u>
Cash flows from financing activities		
Interest (paid)	(83)	-
Net cash (outflow) from financing activities	<u><u>(83)</u></u>	<u><u>-</u></u>
Net (decrease) in cash and cash equivalents	(19,205)	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	<u><u>(19,205)</u></u>	<u><u>-</u></u>

Skanska Project Developments Limited

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 and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and under the historical cost convention and include the results of activities described in the directors' report all of which are continuing.

The financial statements have been prepared on the going concern basis (notwithstanding net liabilities of (£65,000)) which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Skanska UK Plc, the company's ultimate parent. Skanska UK Plc 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 the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

(b) New standards and interpretations

The Company has adopted the following interpretations and amendments to standards with effect from 1st January 2012.

IFRS 11 Joint Arrangements and IAS 19 Employee Benefits

The adoption of these standards or interpretations did not have a material impact upon the financial statements.

The company did not adopt new or amended IFRSs or interpretations which were available for early adoption. The company does not expect new standards, amendments to standards and new interpretations that were published before the issuance of these financial statements to have a material effect on the Group's results.

(c) 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 substantially enacted by the statement of financial position date.

Skanska Project Developments Limited

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(d) Investment

Shares in subsidiary undertakings are stated at amortised cost

Other investments are stated at fair value. Profits and losses on the sale of investments and permanent diminutions in the market value of investments are taken to the income statement. Unrealised gains and losses are taken to the revaluation reserve

(e) Financial instruments

Financial assets and financial 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 carry any interest and are stated at their nominal value, reduced by appropriate allowances for estimated irrecoverable amounts. Overdrafts are stated at their nominal value. Interest is accounted for on an accruals basis. Trade payables on normal terms are not interest bearing and are stated at their nominal value

2 Operating loss

Auditors' remuneration for the current and preceding year was paid for by a fellow group company, Skanska UK Plc

3 Staff numbers and costs

There were no employees in either year

4 Directors' remuneration

No directors' emoluments, fees or other costs were incurred by the Company during the current or preceding year. The directors' emoluments were incurred by fellow subsidiary companies of the ultimate parent company and no part of their remuneration can be specifically attributed to the Company. No director has any entitlement under long term incentive schemes or share options (2011: £nil)

5 Finance costs

	2012 £'000	2011 £'000
Bank interest	(83)	-

Skanska Project Developments Limited

Notes to the Financial Statements (continued)

6 Tax

	2012 £'000	2011 £'000
Tax charge for period:		
Current tax credit	20	-
	<u>20</u>	<u>-</u>
Reconciliation of loss to tax credit:		
Loss before tax	(85)	-
Profit before tax multiplied by standard rate of corporation tax in the UK of 24% (2011 26%)	20	-
Total tax credit	20	-

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn statement. It has not yet been possible to quantify the full anticipated effect of the announcement further 3% reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Skanska Project Developments Limited

Notes to the Financial Statements (continued)

7 Fixed Asset Investment

	<u>£'000</u>
2012	
Cost:	
At 1 st January 2012	-
Additions	5,117
Disposals	-
At 31 st December 2012	<u>5,117</u>
2011	
Cost:	
At 1 st January 2011	-
Additions	-
Disposals	-
At 31 st December 2011	<u>-</u>

The following subsidiary undertakings all have property development as their principal activity and all subsidiaries are directly owned by the company

	Country of registration or incorporation	Shareholding (%)
SPDL (Monument) Limited	England and Wales	100
66 Queen Square Limited	England and Wales	100
SPD Bentley Limited	England and Wales	100

8 Trade and other receivables

	2012 £'000	2011 £'000
Amounts owed by fellow group undertakings	14,019	-
	<u>14,019</u>	<u>-</u>

9 Trade and other payables

	2012 £'000	2011 £'000
Accruals and deferred income	16	-
	<u>16</u>	<u>-</u>

10 Share capital

	2012 £	2011 £
Issued and paid up		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

Skanska Project Developments Limited

Notes to the Financial Statements (continued)

11 Ultimate parent company

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