

Company Registration No. 02237772

Sweco UK Holding Limited

Annual report and financial statements

For the year ended 31 December 2019



Sweco UK Holding Limited

Annual report and financial statements 2019

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditors' report	7
Profit and loss account	10
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Sweco UK Holding Limited

Annual report and financial statements 2019

Officers and professional advisers

Directors

P D Bruce
M H Joy

Company Secretary

R Hirons

Registered Office

Grove House
Mansion Gate Drive
Leeds
LS7 4DN

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Sweco UK Holding Limited

Strategic report

Principal activities

Sweco UK Holding Limited is the parent company of a group of companies engaged in the provision of professional consulting engineering services. The Company is a wholly owned subsidiary of Sweco Holdco BV. The Company is an intermediate holding company and has no turnover.

Review of business and future developments

On 3 May 2019 the Company acquired 100% of the share capital of MLM Holdings Limited and certain assets of the MLM Group Partnership for a total consideration of £40,544,000.

The profit for the financial year amounted to £481,000 (2018: £3,231,000). The net assets of the Company were £8,812,000 at the year end (2018: £9,180,000).

Revenue and profitability of the Company's subsidiaries has been in line with expectations.

Key performance indicators (KPIs)

The directors manage the UK Group's operations on a divisional as opposed to a statutory basis and believe that the use of KPIs for the Company is not appropriate.

Principal risks and uncertainties

The Company's principal activity is the parent company of a group of companies and the principal risks and uncertainties affecting the Company are managed on a divisional basis. Explanation of these risks is contained within the financial statements of the individual group companies.

Section 172(1) statement

The directors acknowledge their responsibility under s172(1) of the Companies Act 2006 and below set out the key processes and considerations that demonstrate how they promote the success of the company.

The likely consequences of any decision in the long term - processes are in place to ensure that the directors receive all relevant information to enable them to make well judged decisions in respect of the Company's long term success

The interests of the Company's employees – the Company employs no direct staff. Employees of other Sweco Group companies provide services to the Company as required. The Company believes that staff are the Group's most important resource and the directors consider their interests in all major decisions. It is the Group's aim to always recruit, develop and retain the industry's top talent. There is a thorough process in place to ensure that the right employees are recruited. Candidates are required to meet high quality standards regarding conduct, approach and expertise. To retain people, the Group continually works to out-perform competitors in terms of providing development opportunities. Performance is actively managed to optimise the contribution of all employees.

Detailed processes and programmes ensure that key talent is developed which include the Sweco Career Path, the Sweco Employee Survey, the Sweco Academy training programmes and Sweco Talent Identification. Every employee's work and development is monitored carefully and thoroughly through our Sweco Talk process.

Staff attrition rates, reasons for leaving and employee satisfaction is regularly reviewed.

Sweco UK Holding Limited

Strategic report (continued)

Section 172(1) statement (continued)

The need to foster the Company's business relationships with suppliers, customers and others – as a result of the Company's activities our primary business relationships are with the Sweco Group. The directors undertake regular reviews to ensure that the communication and engagement with the Company's stakeholders is ongoing and sufficient.

The Group maintains strong working relationships with suppliers and continually monitors supplier payment days. In respect of key suppliers, diligence is undertaken around their working practices and ethics, as-well as their financial stability.

Customers want to work with consultants who offer top expertise along with a high level of service and commitment. The Sweco customer promise is to be the most approachable and committed partner with recognised expertise. This is integrated throughout the Group's processes – from recruitment through project implementation and evaluation. Client satisfaction is measured regularly and this year saw continued positive development from already high levels.

The impact of the Company's operations on the community and the environment - the Company employs no direct staff. Employees of other Sweco Group companies provide services to the Company as required. Indirectly and via policies of the wider Sweco Group the directors take their responsibility within the community and wider environment seriously and are committed to managing the wider social, environmental and economic impacts of the Group's operations which includes the way it deals with its customers and manages its supply chain.

The Group continues to support a range of charitable and community activity.

In 2019 the Group adopted the goal of making its operations climate neutral by 2040. Climate and environment form part of the basis for our business plan, strategy and internal priorities as well as ongoing dialogue with customers and other stakeholders.

The desirability of the Company maintaining a reputation for high standards of business conduct - the directors set high standards for the Company and the companies it works with. Projects are only undertaken that are regarded as having been procured in a business ethical manner and human rights are respected, including zero tolerance for child labour. The Company has a framework of ethical policies which help employees become familiar with the rules and enables them to act accordingly. Business ethics is a standing item on monthly reviews and sustainability related risks are reported quarterly.

The need to act fairly as between members of the Company - the directors aim to understand the views of its members and to act in their best interests.

Approved by the Board of Directors
and signed by order of the Board



R Hirons
Secretary
14 December 2020

Sweco UK Holding Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Result and future developments

The profit for the financial year amounted to £481,000 (2018: £3,231,000). The net assets of the Company were £8,812,000 at the year end (2018: £9,180,000). A review of the Company's business, together with an indication of its future developments and a description of the principal risks facing the Company is provided in the strategic report.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

P D Bruce
M H Joy

Going concern

The Company's business activities, financial position, key performance indicators and key risks and uncertainties are set out within the strategic report on page 2.

The directors have considered the impact of the COVID-19 pandemic on the Company's and its subsidiaries' ability to continue as a going concern.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. We acknowledge guidance on going concern for companies preparing financial statements. We have considered both our contingent liabilities with regards to the financing of the wider Sweco Group and the significant headroom on our finance facilities, the Group's pipeline orders and its good medium to long term forecast and projections. We have therefore adopted the going concern basis of accounting in preparing these Company financial statements.

Dividend

A dividend of £849,000 was paid on 16 April 2019 (2018: £3,091,000). The directors do not recommend the payment of a final dividend.

Corporate responsibility

Corporate responsibility is integral to what the Company does as an organisation; the essence of our business is to participate in creating sustainable living and working environments. Our ambition is to be at the forefront of the consulting engineering industry by supplying skills and services that take our clients further towards sustainability.

We have defined the following objective for the Company's commitment to our corporate responsibilities:

The Company wishes to play an active part in sustainable development in the societies in which it operates by acting responsibly with respect to:

- The market and delivering best practice in sustainability to our customers;
- Our environment and playing our part in mitigating and adapting to climate change;
- Our society and being good citizens;
- Our partners and ensuring integrity in our supply of services and our purchasing policies; and
- Our workplace and the employment of our staff.

The Company's approach has been to embed corporate responsibility and sustainability in all activities both in the delivery of innovative design and consultancy to clients, but also in relation to internal operations. In leading by example, the Company is committed to benefiting all stakeholders – customers, shareholders, employees and suppliers.

Sweco UK Holding Limited

Directors' report (continued)

Financial instruments

The directors manage the UK Group's operations on a divisional as opposed to a statutory basis.

The Group's principal financial instruments comprise trade debtors and intercompany funding. The main purpose of these instruments is to ensure continued funding for the Group. Due to the nature of the financial instruments used by the Group there is little exposure to price risk.

The Group is exposed to both credit and cash flow risk which is managed by reviewing the credit terms offered to customers and the regular monitoring of amounts outstanding. The Group utilises intercompany funding where required to manage liquidity risk.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of relevant information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to S487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been re-appointed as auditors and will therefore continue in office.

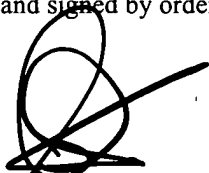
Sweco UK Holding Limited

Directors' report (continued)

Subsequent events

Details of matters arising since the balance sheet date are given in note 17 to the financial statements

Approved by the Board of Directors
and signed by order of the Board

A handwritten signature in black ink, appearing to be 'R. Hirons', written over a horizontal line.

R Hirons
Secretary
14 December 2020

Sweco UK Holding Limited

Independent auditors' report to the members of Sweco UK Holding Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sweco UK Holding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Sweco UK Holding Limited

Independent auditors' report to the members of Sweco UK Holding Limited (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Sweco UK Holding Limited

Independent auditors' report to the members of Sweco UK Holding Limited (continued)

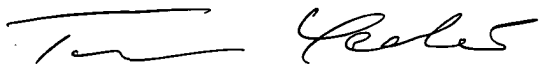
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

15 December 2020

Sweco UK Holding Limited

Profit and loss account

Year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Income from shares in Group undertakings		849	3,091
Interest receivable and similar income	5	178	173
Interest payable and similar expenses	6	(632)	-
Profit before taxation	3	395	3,264
Tax on profit	7	86	(33)
Profit for the financial year		<u>481</u>	<u>3,231</u>

The above activities relate to continuing operations.

Statement of comprehensive income

Year ended 31 December 2019

	2019 £'000	2018 £'000
Profit for the financial year	<u>481</u>	<u>3,231</u>
Total comprehensive income for the financial year	<u>481</u>	<u>3,231</u>

The notes on pages 13 - 22 form part of these financial statements.

Sweco UK Holding Limited

Balance sheet

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	8	557	-
Tangible assets	9	-	-
Investments	10	48,787	8,535
		<u>49,344</u>	<u>8,535</u>
Current assets			
Debtors	11	11,635	8,278
Creditors: amounts falling due within one year	12	(15,280)	(7,633)
		<u>(3,645)</u>	<u>645</u>
Net current (liabilities)/ assets			
		<u>45,699</u>	<u>9,180</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	13	(36,887)	-
		<u>8,812</u>	<u>9,180</u>
Net assets			
Capital and reserves			
Called up share capital	15	6,244	6,244
Other reserves	15	2,385	2,385
Retained earnings	15	183	551
		<u>8,812</u>	<u>9,180</u>
Total shareholders' funds			

The notes on pages 13 - 22 form part of these financial statements.

The financial statements on pages 10 - 22 were approved by the Board of Directors on 14 December 2020 and signed on its behalf by

M H Joy
Director



Sweco UK Holding Limited

Statement of changes in equity Year ended 31 December 2019

	Called up share capital	Retained earnings	Other reserves	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2018	6,244	411	2,385	9,040
Profit for the financial year	-	3,231	-	3,231
Total comprehensive income for the financial year	-	3,231	-	3,231
Dividend	-	(3,091)	-	(3,091)
Transactions with owners recognised directly in equity	-	(3,091)	-	(3,091)
At 31 December 2018	6,244	551	2,385	9,180
Profit for the financial year	-	481	-	481
Total comprehensive income for the financial year	-	481	-	481
Dividend	-	(849)	-	(849)
Transactions with owners recognised directly in equity	-	(849)	-	(849)
At 31 December 2019	6,244	183	2,385	8,812

Sweco UK Holding Limited

Notes to the financial statements Year ended 31 December 2019

1. Accounting policies

The principal accounting policies are summarised below and have been applied consistently in the current and prior year.

General information and basis of preparation

Sweco UK Holding Limited is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act and is registered in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The following exemptions have been applied in the preparation of these financial statements, in accordance with FRS 102:

- certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated. FRS 102 paras 26.18(b), 26.19-26.21, 26.23;
- preparation of a statement of cash flows, on the basis that the Company is a qualifying entity and its ultimate parent company, Sweco AB (publ), includes the Company's cash flows in its own consolidated financial statements. FRS 102 para 1.12(b).

The results of the Company and its subsidiary undertakings are included in the consolidated financial statements of Sweco AB (publ), and therefore the Company has taken the exemption provided by Section 400 of the Companies Act 2006 from preparing consolidated financial statements.

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements are presented in pounds sterling because it is considered that is the currency of the primary economic environment in which the Company operates.

Going concern

The Company's business activities and financial position are set out in the strategic report.

The directors have considered the impact of the COVID-19 virus on the Company's ability to continue as a going concern. We are monitoring developments and have implemented contingency plans to mitigate the potential adverse impact on the Company's operations.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. We acknowledge guidance on going concern for companies preparing financial statements. We have considered both our contingent liabilities with regards to the financing of the wider Sweco group and the significant headroom on our finance facilities, our pipeline orders and our good medium to long term forecast and projections. We have therefore adopted the going concern basis of accounting in preparing these Company financial statements.

Goodwill

Goodwill, being the difference between the consideration paid in a business combination and the fair values of identifiable assets acquired is initially recognised at cost and is amortised over its useful economic life of 10 years. It is assessed for impairment when indicators that an impairment may exist arise.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Sweco UK Holding Limited

Notes to the financial statements (continued)

Year ended 31 December 2019

1. Accounting policies (continued)

Financial instruments (continued)

(i) Financial assets and liabilities

All the financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the profit and loss account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method.

a) The contractual return to the holder is (i) a fixed amount, (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on events other than (1) a change of contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current periods or prior periods.

e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent of future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c)

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Sweco UK Holding Limited

Notes to the financial statements (continued) Year ended 31 December 2019

1. Accounting policies (continued)

Financial instruments (continued)

(ii) Fair value measurement

The best evidence of fair value measurement is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if : a) the Company has a legally enforceable right to set off current tax assets against current liabilities; and b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sweco UK Holding Limited

Notes to the financial statements (continued)

Year ended 31 December 2019

1. Accounting policies (continued)

Investments

Investments in subsidiaries are valued at cost less provision for impairment. The carrying value of investments is reviewed for impairment where events or changes in circumstances indicate the carrying value may not be recoverable. Provision is made where appropriate to reduce the carrying value to its recoverable amount.

2. Critical accounting judgements and estimates

In application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies and key sources of estimation uncertainty

The directors do not consider there to be any areas of critical judgements or key sources of estimation uncertainty that have been made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3. Profit before taxation

Audit fees for the year of £3,000 are borne by Sweco UK Limited. In 2018, audit fees for the year of £9,000 were borne by Sweco Services UK Limited.

4. Information regarding directors and employees

The Company has no employees (2018: none). The directors did not receive any remuneration during the current or prior year for services to the Company.

5. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest on amounts receivable from Group undertakings	178	173

6. Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest on amounts owed to Group undertakings	631	-
Other interest	1	-
	632	-

Sweco UK Holding Limited

Notes to the financial statements (continued) Year ended 31 December 2019

7. Tax on profit

The tax charge comprises:

	2019 £'000	2018 £'000
Current tax on profit		
UK Corporation tax	(86)	33
Tax on profit	<u>(86)</u>	<u>33</u>

The differences between the total tax position shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation is as follows:

	2019 £'000	2018 £'000
Profit before taxation	<u>395</u>	<u>3,264</u>
Tax on profit at the standard UK corporation tax rate of 19% (2018: 19%)	75	620
Effects of:		
Income not subject to tax	<u>(161)</u>	<u>(587)</u>
Tax on profit	<u>(86)</u>	<u>33</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In March 2020, the UK corporation tax rate was substantively enacted to remain at 19% from 1 April 2020. As this was not enacted prior to the balance sheet date, the continuation of the 19% rate has not been reflected in the deferred tax balances recorded at 31 December 2019.

8. Business combinations and goodwill

On 3 May 2019 the Company acquired 100% of the share capital of MLM Holdings Limited for a consideration of £40,252,000 and certain assets and liabilities of the MLM Group Partnership for a consideration of £292,000, details of which were as follows:

Consideration in respect of 100% of the share capital of MLM Holdings Limited:

	£'000
Initial payment	31,907
Directly attributable costs	708
Contingent consideration	<u>7,637</u>
	<u>40,252</u>

The contingent consideration is dependent on the future performance of the business, and confirmation of receipt in respect of certain future receivables. The amount is not expected to be materially different from the ultimate payment.

Sweco UK Holding Limited

Notes to the financial statements (continued) Year ended 31 December 2019

8. Business combinations and goodwill (continued)

Consideration and recognised amounts in respect of assets and liabilities acquired from the MLM Group Partnership:

	Book value £'000	Adjustment £'000	Fair value £'000
Fixed assets	592	(557)	35
Prepayments	11	-	11
Trade creditors	(29)	-	(29)
Tax and social security	(270)	-	(270)
Accruals and deferred income	(12)	-	(12)
	<u>292</u>	<u>(557)</u>	<u>(265)</u>

The adjustment arising on acquisition of the assets was in respect of a reduction in the value of computer equipment to its fair value. The goodwill arising of £557k, being the difference between the consideration paid and fair value of net liabilities acquired, is shown separately on the face of the balance sheet.

9. Tangible assets

	Office furniture and equipment £'000
Cost	
At 1 January 2019	-
Additions	35
Transfer to other Group company	(35)
	<u>-</u>
At 31 December 2019	-
Accumulated depreciation	
	<u>-</u>
At 1 January 2019 and 31 December 2019	-
Net book value	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

Sweco UK Holding Limited

Notes to the financial statements (continued) Year ended 31 December 2019

10. Investments

	£'000
Investment in subsidiaries	
Cost	
At 1 January 2019	12,097
Additions	40,252
	<hr/>
At 31 December 2019	52,349
	<hr/>
Provisions for impairment	
At 1 January 2019 and 31 December 2019	3,562
	<hr/>
Net book value	
At 31 December 2019	48,787
	<hr/>
At 31 December 2018	8,535
	<hr/>

Investments held directly by the Company comprise shares in the following companies:

Sweco UK Limited

100% of the ordinary share capital of Sweco UK Limited (2018: 100%). During the year the Company received dividends of £849,000 From Sweco UK Limited (2018: £3,091,000). The address of the registered office of Sweco UK Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

Sweco Services UK Limited

100% of the ordinary share capital of Sweco Services UK Limited (2018: 100%). The address of the registered office of Sweco Services UK Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

Sweco Ireland Limited

21% of the ordinary share capital of Sweco Ireland Limited (2018: 21%). The address of the registered office of Sweco Ireland Limited is Riverside One, Sir John Rogerson's Quay, Dublin 2.

Roger Preston Group Limited

100% of the ordinary share capital of Roger Preston Group Limited (2018: 100%). The address of the registered office of Roger Preston Group Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

Whitelaw Turkington Landscape Architects Limited

Whitelaw Turkington Landscape Architects Limited was dissolved on 15 January 2019. At the date of dissolution, the Company owned 100% of the ordinary share capital of Whitelaw Turkington Landscape Architects Limited (2018: 100%).

MLM Holdings Limited

On 3 May 2019 the Company acquired 100% of share capital of MLM Holdings Limited. The address of the registered office of MLM Holdings Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

Investments held indirectly by the Company comprise shares in the following companies:

Sweco Ireland Limited

79% of the ordinary share capital of Sweco Ireland Limited (2018: 21%). The address of the registered office of Sweco Ireland Limited is Riverside One, Sir John Rogerson's Quay, Dublin 2.

Sweco UK Holding Limited

Notes to the financial statements (continued) Year ended 31 December 2019

10. Investments (continued)

Roger Preston and Partners Limited

100% of the ordinary share capital of Roger Preston and Partners Limited (2018: 100%). The address of the registered office of Roger Preston Group Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

Roger Preston Limited

Roger Preston Limited was dissolved on 15 January 2019. At the date of dissolution, the Company owned 100% of the ordinary share capital of Roger Preston Limited (2018: 100%).

RP+K International Limited

RP+K International Limited was dissolved on 15 January 2019. At the date of dissolution, the Company owned 100% of the ordinary share capital of RP+K International Limited (2018: 100%).

MLM Consulting Engineers Limited

100% of the ordinary share capital of MLM Consulting Engineers Limited (30 April 2019: 100%). The address of the registered office of MLM Consulting Engineers Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

MLM Consulting Limited

100% of the ordinary share capital of MLM Consulting Limited (30 April 2019: 100%). The address of the registered office of MLM Consulting Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

MLM Building Control Limited

100% of the ordinary share capital of MLM Building Control Limited (30 April 2019: 100%). The address of the registered office of MLM Building Control Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

MLM Building and Environmental Consultancy Limited

100% of the ordinary share capital of MLM Building and Environmental Consultancy Limited (30 April 2019: 100%). The address of the registered office of MLM Building and Environmental Consultancy Limited is 22 Northumberland Road, Ballsbridge, Co Dublin, D04 ED73.

Fluid Structural Engineers & Technical Designers Limited

100% of the ordinary share capital of Fluid Structural Engineers & Technical Designers Limited (30 April 2019: 100%). The address of the registered office of Fluid Structural Engineers & Technical Designers Limited is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

11. Debtors

	2019 £'000	2018 £'000
Amounts due within one year:		
Trade debtors	13	-
Amounts owed by Group undertakings	8,844	8,278
Corporation tax	54	-
Other debtors	2,719	-
Prepayments	5	-
	<hr/>	<hr/>
	11,635	8,278
	<hr/>	<hr/>

Interest is charged on the amounts owed by Group undertakings at the Bank of England base rate plus 1.35%. The amounts are unsecured and are repayable upon demand.

Sweco UK Holding Limited

Notes to the financial statements (continued) Year ended 31 December 2019

12. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to Group undertakings	8,232	7,600
Corporation tax	-	33
Contingent consideration	7,000	-
Accruals and deferred income	48	-
	<u>15,280</u>	<u>7,633</u>

Interest is charged on the amounts owed to Group undertakings at the Bank of England base rate plus 1.5%.
The amounts are unsecured and are repayable upon demand.

13. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Amounts owed to Group undertakings	36,250	-
Contingent consideration	637	-
	<u>36,887</u>	<u>-</u>

Interest is charged on the amounts owed to Group undertakings at 2.6%. The amount is unsecured and is repayable on 30 April 2024.

Contingent consideration is payable on 9 August 2023.

14. Contingent liability

The Company has entered into cross guarantees in connection with the borrowings of other Sweco group companies. At 31 December 2019 these borrowings amounted to £nil (2018: £nil).

15. Capital and reserves

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
6,243,690 (2018: 6,243,690) ordinary shares of £1 each	<u>6,244</u>	<u>6,244</u>

Reserves

Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

The other reserves is a non-distributable reserve created by dividends received from subsidiary companies being unrealised.

Sweco UK Holding Limited

Notes to the financial statements (continued) Year ended 31 December 2019

15. Capital and reserves (continued)

Dividend

The following dividend was declared and paid by the company in the year:

	2019 £'000	2018 £'000
£0.14 (2018: £0.50) per ordinary share	849	3,091

16. Immediate and ultimate parent company

The immediate parent undertaking is Sweco Holdco BV.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Sweco AB (publ) which is incorporated in Sweden. Copies of the Sweco AB (publ) consolidated financial statements are available from Sweco AB (publ), Box 34044, SE-100 26 Stockholm, e-mail info@sweco.se.

17. Non adjusting events after the financial period

In early 2020, the existence of a new coronavirus ("COVID-19") was confirmed as a global pandemic and has since spread across a number of countries, leading to disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the potential quantitative impact of COVID-19 on the balance sheet of the Company.