

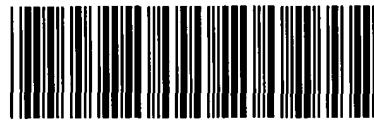
**Company Registration No. 02237772**

**Sweco UK Holding Limited**

**Annual report and consolidated financial  
statements**

**For the year ended 31 December 2017**

WEDNESDAY



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# **Sweco UK Holding Limited**

## **Annual report and financial statements 2017**

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# **Sweco UK Holding Limited**

## **Annual report and financial statements 2017**

### **Officers and professional advisers**

#### **Directors**

A B Carlsson

M H Joy

#### **Company Secretary**

R Hirons

#### **Registered Office**

Grove House  
Mansion Gate Drive  
Leeds  
LS7 4DN

#### **Bankers**

National Westminster Bank  
Leeds City Office  
8 Park Row  
Leeds  
LS1 5HD

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## Directors' report

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (Group) for the year ended 31 December 2017.

### Going concern

The Group's business activities, financial position, key performance indicators and key risks and uncertainties are set out within the group strategic report on page 4.

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, in the light of recent volatility in financial markets which has created a general level of uncertainty. 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 consolidated and Company financial statements.

### Dividends and transfer to reserves

A dividend of £11,000,000 was paid on 28 November 2017 (2016: £nil). The profit for the financial year of £3,091,000 (2016: £2,428,000) has been transferred to reserves.

### Directors and their interests

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

A B Carlsson

M H Joy

K E Nilsson (Resigned 11 April 2017)

### Employees and employment of disabled persons

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the Group. In addition, the board takes account of employees' interests when making decisions and the employees are informed of the Company's performance on a regular basis. Suggestions from employees aimed at improving the Group's performance are welcomed.

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged.

### Corporate responsibility

Corporate responsibility is integral to what the Group 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 will take our clients further towards sustainability.

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

The Group 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
- Our workplace and the employment of our staff

# Sweco UK Holding Limited

## Directors' report (continued)

### Corporate responsibility (continued)

The Group'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 Group is committed to benefiting all stakeholders – customers, shareholders, employees and suppliers.

### 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 Group and Company 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 Group and Company and of the profit or loss of the Group and 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 United Kingdom 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 group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and 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 Group and 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 and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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

R Hirons  
Secretary

20 September 2018

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# Sweco UK Holding Limited

## Group 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.

### Review of business and future developments

The consolidated profit and loss account on page 8 sets out the results for the year.

Turnover for continuing operations increased during the year by 12%. All business areas increased with the largest increase being in Transportation. The Group traded profitably in 2017 and delivered a profit before taxation of £3.8m (2016: £3.0m). Trade working capital management remains a key focus.

The business works in three key areas of expertise being Water, Asset Management and Energy; Transportation; and Planning and Design. Turnover was as follows:

	2017		2016	
	Turnover £m	%	Turnover £m	%
Water, Asset Management and Energy	22.5	34	21.4	36
Transportation	21.3	32	16.5	28
Planning and Design	22.1	34	21.0	36
	<u>65.9</u>	<u>100</u>	<u>58.9</u>	<u>100</u>

Trading during 2017 was steady and predictable as a result of the strong operational focus maintained throughout the year and the management processes for reviewing future opportunities ("pipeline"). The order book and pipeline remain healthy.

The Company remains well placed to trade profitably going forward.

The net assets of the Group decreased by £8,213,000 in the year to £18,207,000 at the year end (2016: £26,420,000) predominantly due to the payment of a dividend and the profit for the financial year.

### Key performance indicators

A range of performance measures are used to manage the business. The key performance indicators (KPIs) are relevant to the business and include measures on revenue, operating profit and margins, trade working capital, order book and staff utilisation, numbers and turnover. These KPIs provide information on current performance and help to identify issues and opportunities as they arise so allowing the business to be managed effectively.

# Sweco UK Holding Limited

## Group strategic report (continued)

### Principal risk and uncertainties

The key financial risk to the Group is the potential for a commercial claim in excess of our Professional Indemnity insurance. Significant review and audit procedures are built into every stage of the project management process to control and minimise the potential impact of this risk.

In terms of markets, the cyclical downturn in the water sector leads to falling revenues in that business stream, but this is predictable and the business is set up to cope with this issue through its past diversification into other sectors such as building services, energy and transportation, all of which are growing.

We increasingly work in joint venture or as a subconsultant to contractors and take a degree of risk and reward in our combined commercial performance. Careful selection of contractor partners, review of contract terms and expected commercial results is undertaken to minimise the risks and maximise the opportunities associated with such arrangements.

The UK market remains a tough environment in which to operate, with ongoing margin pressure. Our relentless focus on our clients and drive for innovation allow us to succeed in this environment.

Cash management is also a financial risk in the current climate. The Company maintains a focus on minimising working capital and continuously monitors future cash flows in order to ensure this risk is controlled.

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

R Hirons  
Secretary

20 September 2018

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

## Report on the audit of the financial statements

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### Opinion

In our opinion, Sweco UK Holding Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2017; the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and company statements 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.

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### 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 group 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.

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### 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 when:

- 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 group's and 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 group's and company's ability to continue as a going concern.

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### 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.

With respect to the Group 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.



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

## *Group Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group Strategic Report and Directors' Report for the year ended 31 December 2017 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Group Strategic Report and Directors' Report.

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## **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 3, 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 group's and 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 group or 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](http://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.

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## **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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Randal Casson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

24 September 2018

# Sweco UK Holding Limited

## Consolidated profit and loss account Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	65,897	58,866
Other operating charges		(62,658)	(56,423)
<b>Operating profit</b>	4	<b>3,239</b>	<b>2,443</b>
Interest receivable and similar income	6	580	591
Interest payable and similar expenses	7	-	(13)
<b>Profit before taxation</b>		<b>3,819</b>	<b>3,021</b>
Tax on profit	8	(728)	(593)
<b>Profit for the financial year</b>		<b>3,091</b>	<b>2,428</b>

The above activities relate to continuing operations.

## Consolidated statement of comprehensive income Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Profit for the financial year		3,091	2,428
Exchange movements through reserves		47	112
Actuarial movement on pension scheme	20	(351)	(417)
<b>Total comprehensive income for the financial year</b>		<b>2,787</b>	<b>2,123</b>

The notes on pages 14 – 31 form part of these financial statements.

# Sweco UK Holding Limited

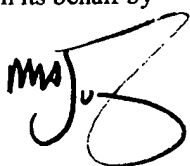
## Consolidated balance sheet As at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Intangible assets	10	308	1,708
Tangible assets	11	2,305	945
		<u>2,613</u>	<u>2,653</u>
<b>Current assets</b>			
Debtors	13	17,770	15,996
Cash at bank and in hand		11,497	22,576
		<u>29,267</u>	<u>38,572</u>
<b>Creditors: amounts falling due within one year</b>	15	(12,672)	(13,461)
<b>Net current assets</b>		<u>16,595</u>	<u>25,111</u>
<b>Total assets less current liabilities</b>		<u>19,208</u>	<u>27,764</u>
<b>Pensions and similar obligations</b>	20	-	(33)
<b>Provision for other liabilities</b>	21	(1,001)	(1,311)
<b>Net assets</b>		<u>18,207</u>	<u>26,420</u>
<b>Capital and reserves</b>			
Called up share capital	17	6,244	31,244
Profit and loss account	17	11,963	(4,824)
<b>Total shareholders' funds</b>		<u>18,207</u>	<u>26,420</u>

The notes on pages 14 – 31 form part of these financial statements.

The financial statements on pages 8 – 31 were approved by the Board of Directors on ~~20~~ 21 September 2018 and signed on its behalf by

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M H Joy  
Director

# Sweco UK Holding Limited

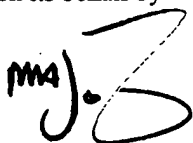
## Company balance sheet

As at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Investments	12	8,535	8,535
<b>Current assets</b>			
Debtors	13	8,105	18,734
<b>Creditors: amounts falling due within one year</b>	15	(7,600)	(7,828)
<b>Net current assets</b>		505	10,906
<b>Total assets less current liabilities</b>		9,040	19,441
<b>Net assets</b>		9,040	19,441
<b>Capital and reserves</b>			
Called up share capital	17	6,244	31,244
Profit and loss account	17		
At 1 January		(14,188)	(13,820)
Profit/(loss) for the financial year		599	(368)
Other changes in retained earnings		14,000	-
Other reserves	17	2,385	2,385
<b>Total shareholders' funds</b>		9,040	19,441

The notes on pages 14 – 31 form part of these financial statements.

The financial statements on pages 8 – 31 were approved by the Board of Directors on ~~20~~ 21 September 2018 and signed on its behalf by



M H Joy  
Director

# Sweco UK Holding Limited

## Consolidated statement of changes in equity

Year ended 31 December 2017

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2016	31,244	(6,947)	24,297
Profit for the financial year	-	2,428	2,428
Other comprehensive income/(expense):			
Exchange movements	-	112	112
Actuarial movement on pension scheme	-	(417)	(417)
Total comprehensive income for the financial year	-	2,123	2,123
<b>At 31 December 2016</b>	<b>31,244</b>	<b>(4,824)</b>	<b>26,420</b>
Profit for the financial year	-	3,091	3,091
Other comprehensive income/(expense):			
Exchange movements	-	47	47
Actuarial movement on pension scheme	-	(351)	(351)
Total comprehensive income for the financial year	-	2,787	2,787
Capital reduction	(25,000)	25,000	-
Dividend	-	(11,000)	(11,000)
Transactions with owners recognised directly in equity	(25,000)	14,000	(11,000)
<b>At 31 December 2017</b>	<b>6,244</b>	<b>11,963</b>	<b>18,207</b>

# Sweco UK Holding Limited

## Company statement of changes in equity

Year ended 31 December 2017

	Called up share capital	Profit and loss account	Other reserves	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2016	31,244	(13,820)	2,385	19,809
Loss for the financial year	-	(368)	-	(368)
Total comprehensive expense for the financial year	-	(368)	-	(368)
<b>At 31 December 2016</b>	<b>31,244</b>	<b>(14,188)</b>	<b>2,385</b>	<b>19,441</b>
Profit for the financial year	-	599	-	599
Total comprehensive income for the financial year	-	599	-	599
Capital reduction	(25,000)	25,000	-	-
Dividend	-	(11,000)	-	(11,000)
Transactions with owners recognised directly in equity	(25,000)	14,000	-	(11,000)
<b>At 31 December 2017</b>	<b>6,244</b>	<b>411</b>	<b>2,385</b>	<b>9,040</b>

# Sweco UK Holding Limited

## Consolidated cash flow statement

Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>	22	1,790	1,835
Tax paid		(601)	(260)
<b>Net cash flows from operating activities</b>		<u>1,189</u>	<u>1,575</u>
<b>Cash flows from investing activities</b>			
Interest received		580	591
Acquisition of tangible assets		(1,895)	(445)
<b>Net cash flows from investing activities</b>		<u>(1,315)</u>	<u>146</u>
<b>Cash flows from financing activities</b>			
Dividend paid		(11,000)	-
<b>Net cash flows from financing activities</b>		<u>(11,000)</u>	<u>-</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(11,126)	1,721
<b>Cash and cash equivalents at 1 January</b>		22,576	20,743
Effect of foreign exchange rate changes on cash and cash equivalents		47	112
<b>Cash and cash equivalents at 31 December</b>		<u><u>11,497</u></u>	<u><u>22,576</u></u>

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 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 group strategic report on page 4.

The consolidated and individual financial statements have been prepared 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.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions in its individual financial statements:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as information is provided in the consolidated financial statement disclosure;
- (iii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

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 and Group operates.

#### Going concern

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

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, in the light of recent volatility in financial markets which has created a general level of uncertainty. 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 consolidated and Company financial statements.

#### Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries from the date of their acquisition until the date of their disposal under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### Turnover

Turnover comprises the value of contracting work executed during the year, recognised as contract activity progresses and the right to consideration is earned, and excludes Value Added Tax.

Unbilled turnover on individual contracts is included as amounts recoverable on contracts within debtors. Where individual on-account billings exceed revenue recognised on contracts, the excess is classified as deferred income within creditors.



# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 1. Accounting policies (continued)

#### Investments

Investments are recorded 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.

#### Tangible fixed assets

All fixed assets are initially recorded at cost less accumulated depreciation and any provision for impairment. Assets in the course of construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. Assets held in the course of construction are not depreciated until they are brought into use.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	-	equally over life of the lease
Office furniture and equipment	-	10% - 33% per annum

#### Goodwill

Goodwill arising on acquisitions, comprising the excess of the consideration over the value of the net assets acquired, is capitalised and amortised over a period of 10 years, being the directors' estimate of its useful economic life.

#### Amounts recoverable on contracts

Amounts recoverable on contracts represent the value of the work completed on contracts at cost plus the proportion of estimated contract profits attributable to the stage of completion reached on the contract, less cash received on the contract. Certain contracts provide for separate fees in respect of defined contract stages on which profits are evaluated at each such stage. Provisions are made for all future anticipated contract losses. Payments on account represent cash received in excess of the value of work completed.

#### 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 Group'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 Group 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

## Notes to the financial statements Year ended 31 December 2017

### 1. Accounting policies (continued)

#### Taxation (continued)

relating to property, plant and equipment 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 Group 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 Group 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.

#### Foreign exchange

Non-monetary transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated equity.

#### Financial Instruments

Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of its liabilities.

##### (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 Group 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.

## Notes to the financial statements Year ended 31 December 2017

### 1. Accounting policies (continued)

#### Financial Instruments (continued)

- 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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, 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.

#### (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.

#### Leases

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

## Notes to the financial statements Year ended 31 December 2017

### 1. Accounting policies (continued)

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Pension costs

For defined contribution schemes the amount charged to the income statement is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes the amount charged to the income statement is the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the income statement if the benefits have vested, otherwise they are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets and liabilities of the scheme held separately from those of the Group, in separate trustee administered funds. Pension Scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

### 2. Critical accounting judgements and estimates

In application of the Group'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*

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

**Revenue recognition and the assessment of the percentage of contract completion achieved.** The Group assesses contract progress and determines the proportion of contract work completed at the balance sheet date in relation to the total contract works.

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 2. Critical accounting judgements and estimates (continued)

**Work in progress and receivables valuation.** The Group assesses work in progress and trade receivables for exposure to losses. The provision made at the balance sheet date was £738,000 (2016: £1,302,000).

**Vacant leasehold properties.** The Group has a number of leasehold properties which are not fully occupied. Provision has been made for the residual lease commitments after taking into account assumptions relating to later periods of sub-lease. The provision made at the balance sheet date was £126,000 (2016: £450,000).

**Professional indemnity claims.** Provision is made on an assessment of claims and includes estimates as to the likely costs. All active claims are reviewed regularly.

**Defined benefit pension scheme.** Pension valuation has been performed using specialist advice obtained from an independent qualified actuary.

### 3. Turnover

All turnover relates to contracting work executed during the year. A geographical analysis of turnover is as follows:

	2017 £'000	2016 £'000
United Kingdom	59,411	50,890
Europe	5,235	6,967
Rest of the world	1,251	1,009
	<u>65,897</u>	<u>58,866</u>

The business works in three key areas of expertise being Water, Asset Management and Energy; Transportation; and Planning and Design. Turnover was as follows:

	2017 £'000	2016 £'000
Water, Asset Management and Energy	22,471	21,449
Transportation	21,350	16,446
Planning and Design	22,076	20,971
	<u>65,897</u>	<u>58,866</u>

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 4. Operating profit

This is stated after charging:

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Depreciation of tangible assets		535		471
Amortisation of goodwill		1,400		1,400
Rentals under operating leases		1,960		1,934
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	9		9	
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	46		44	
Total audit fees		55		53
Fees payable to the Company's auditors for taxation advisory services		-		-

### 5. Information regarding directors and employees

None of the directors of the Company received any emoluments during the year from the Company (2016: none).

The emoluments disclosed below are paid by a subsidiary in respect of the directors' services.

	2017 £'000	2016 £'000
Remuneration	216	262
Pension costs	16	18
	232	280

The amounts in respect of the highest paid director are as follows:

	2017 £'000	2016 £'000
Remuneration of highest paid director	232	175
Company contributions paid to money purchase pension schemes	16	8

One of the directors (2016: two) is a member of the Sweco Group Personal Pension Scheme.

The average number of employees during the year was made up as follows:

	2017 No	2016 No
Technical	710	650
Administration	68	64
	778	714

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 5. Information regarding directors and employees (continued)

Staff costs during the year (including directors):	2017 £'000	2016 £'000
Wages and salaries	33,510	30,200
Social security costs	3,576	3,193
Other pension costs	2,989	2,586
	<u>40,075</u>	<u>35,979</u>

### 6. Interest receivable and similar income

	2017 £'000	2016 £'000
Exchange gains	5	-
Bank interest receivable	575	591
	<u>580</u>	<u>591</u>

### 7. Interest payable and similar expenses

	2017 £'000	2016 £'000
Exchange losses	-	13
	<u>-</u>	<u>13</u>

### 8. Tax on profit

The tax charge comprises:

	2017 £'000	2016 £'000
<b>Current tax on profit</b>		
UK corporation tax	642	498
Prior year adjustments	(2)	-
Foreign tax	(6)	-
Double taxation relief	6	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	81	76
Prior year adjustments	7	1
Changes in tax rate	-	18
<b>Tax on profit</b>	<u>728</u>	<u>593</u>

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

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 8. Tax on profit (continued)

	2017 £'000	2016 £'000
<b>Profit before taxation</b>	3,819	3,021
Tax on profit at the average standard UK corporation tax rate of 19.25% (2016: 20%)	735	604
Effects of:		
Expenses not deductible for tax purposes	46	20
Income not taxable in determining taxable profit	(78)	(83)
Amortisation of goodwill	32	33
Prior year adjustments	5	1
Changes and differences in tax rate	(12)	18
<b>Tax on profit</b>	<b>728</b>	<b>593</b>

As a result of a change in the UK corporation tax rate to 19%, which was substantively enacted on 26 October 2015 and was effective from 1 April 2017, the current tax rate decreased to 19.25% for the year ended 31 December 2017.

Additional changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 on 6 September 2016. These include a reduction 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.

### 9. Result attributable to members of the Company

The profit for the financial year dealt with in the financial statements of the parent company was £599,000 (2016: Loss £368,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

### 10. Intangible assets

#### Group

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	16,478
<b>Accumulated amortisation</b>	
At 1 January 2017	14,770
Charge for the year	1,400
At 31 December 2017	16,170
<b>Net book value</b>	
At 31 December 2017	308
At 31 December 2016	1,708



# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 11. Tangible assets

#### Group

	Leasehold Improvements	Office furniture and equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2017	436	6,133	6,569
Additions	479	1,416	1,895
Disposals	-	(1,019)	(1,019)
At 31 December 2017	915	6,530	7,445
<b>Accumulated depreciation</b>			
At 1 January 2017	302	5,322	5,624
Charge for the year	83	452	535
Disposals	-	(1,019)	(1,019)
At 31 December 2017	385	4,755	5,140
<b>Net book value</b>			
At 31 December 2017	530	1,775	2,305
At 31 December 2016	134	811	945

### 12. Investments

£'000

#### Company

#### Investment in subsidiaries

##### Cost

At 1 January 2017 and 31 December 2017 12,097

##### Provisions for impairment

At 1 January 2017 and 31 December 2017 3,562

##### Net book value

At 31 December 2016 and 31 December 2017 8,535

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 13. Debtors

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	7,835	9,372	-	-
Amounts recoverable on contracts	7,372	3,991	-	-
Prepayments and accrued income	2,103	2,030	-	-
Deferred tax (note 14)	346	434	-	-
Amounts owed by Group undertakings	114	169	8,105	18,734
	<u>17,770</u>	<u>15,996</u>	<u>8,105</u>	<u>18,734</u>

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

### 14. Deferred tax

The movement in the deferred tax during the year was:

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
At 1 January	434	529	-	-
Charged to profit and loss account	(88)	(95)	-	-
At 31 December	<u>346</u>	<u>434</u>	<u>-</u>	<u>-</u>

The Group's asset for deferred tax consists of the tax effect of timing differences in respect of:

	2017		2016	
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Excess of depreciation over tax allowances	301	-	389	-
Retirement benefits	45	-	45	-
At 31 December	<u>346</u>	<u>-</u>	<u>434</u>	<u>-</u>

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 15. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	2,168	1,507	-	-
Amounts owed to Group undertakings	189	584	7,600	7,828
Accruals and deferred income	7,443	8,765	-	-
Corporation tax	110	71	-	-
Other taxation and social security	2,762	2,534	-	-
	<u>12,672</u>	<u>13,461</u>	<u>7,600</u>	<u>7,828</u>

Amounts owed to Group undertakings are unsecured, are repayable on demand and are not subject to interest charges.

### 16. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Financial assets (note 13)</b>				
Measured at fair value				
Trade debtors	7,835	9,372	-	-
Amounts recoverable on contracts	7,372	3,991	-	-
Amounts owed by Group undertakings	114	169	8,105	18,734
	<u>15,321</u>	<u>13,532</u>	<u>8,105</u>	<u>18,734</u>

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Financial liabilities (note 15)</b>				
Measured at fair value				
Trade creditors	2,168	1,507	-	-
Amounts owed to Group undertakings	189	584	7,600	7,828
Other creditors	7,443	8,765	-	-
	<u>9,800</u>	<u>10,856</u>	<u>7,600</u>	<u>7,828</u>

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 17. Capital and reserves

#### Share capital

	2017 £'000	2016 £'000
<b>Authorised</b>		
Ordinary shares of £1 each	31,244	31,244
<b>Called up, allotted and fully paid</b>		
Ordinary shares of £1 each		
At 1 January	31,244	31,244
Capital reduction	(25,000)	-
At 31 December	6,244	31,244

On 28 November 2017 the issued share capital of the Company was reduced from £31,243,690 to £6,243,690 by cancelling and extinguishing 25,000,000 ordinary shares of £1 each in the capital of the company, each of which was fully paid. The amount by which the share capital of the company was reduced was credited to the company's profit and loss account.

#### Reserves

The profit and loss account represents 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.

#### Dividend

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

	2017 £'000	2016 £'000
£1.76 per ordinary share	11,000	-

A further dividend of 50p per ordinary share was paid on 4 May 2018 for which no provision was made in these financial statements.

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 18. Financial commitments

Total future lease payments under non-cancellable operating leases are as follows:

	2017		2016	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Within one year	1,285	173	1,355	178
Within two to five years	4,790	193	3,349	162
After five years	814	-	2,855	-
	<u>6,889</u>	<u>366</u>	<u>7,559</u>	<u>340</u>

### 19. Contingent liabilities

The Group has contingent liabilities for contract performance, retention bonds and guarantees in the normal course of business.

The Company has entered into cross guarantees in connection with the borrowings of other Sweco group companies. At 31 December 2017 these borrowings amounted to €4,515,000 (2016: €15,070,000).

### 20. Pension liability

	2017 £'000	2016 £'000
Present value of funded obligations	(936)	(954)
Fair value of plan assets	1,256	921
Irrecoverable plan assets	(320)	-
Pension fund liability	<u>-</u>	<u>(33)</u>

The group operates a defined contributions pension scheme for qualifying employees - the Sweco Group Personal Pension Scheme. This operates on money purchase scheme principles consistent with the previous scheme, from which qualifying employees were transferred in 2009. The cost of providing pensions in the financial year was £2,989,000 (2016: £2,586,000). Included within accruals is an amount of £266,000 (2016: £229,000) in respect of unpaid pension contributions.

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 20. Pension liability (continued)

The Group also operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the Company. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using the yield from an index of AA rated corporate bond yields with terms of over 15 years as at 31 December 2017. Pension scheme assets are valued at market value at the balance sheet date. The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets.

The defined benefits scheme operated in the UK is the Roger Preston and Partners Limited and Associated Employers Pension and Life Assurance Scheme (1978). The Company paid premiums of £384,000 (2016: £384,000) to this scheme. The current service cost of this scheme is £200 (2016: £200). There were no amounts outstanding at the balance sheet date (2016: £nil). A valuation of the liabilities was carried out at 31 December 2017 by a qualified independent actuary. The major assumptions used by the actuary were:

	2017	2016
	%	%
Rate of increase in salaries	3.2	3.2
Rate of increase in pensions in payment for service from 6 April 1997:		
- members who joined before 6 April 1997	3.0	3.0
- members who joined after 6 April 1997	3.1	3.2
Discount rate	2.4	2.6
RPI inflation assumption	3.2	3.2
CPI inflation assumption	2.1	2.2
	Years	Years
Assumed male future life expectancy at age 65:		
- Members currently aged 55	87.0	87.3
- Members currently aged 65	86.2	86.3

The amounts recognised in the profit and loss account are as follows:

	2017 £'000	2016 £'000
Interest income	24	38
Interest cost	(24)	(38)
Total charged to profit and loss account	-	-
Recognised in other comprehensive income	(351)	(417)
Total cost relating to defined benefit scheme	(351)	(417)

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 20. Pension liability (continued)

The amounts recognised in the balance sheet are as follows:

	2017 £'000	2016 £'000
Present value of funded obligations	(936)	(954)
Fair value of plan assets	1,256	921
Irrecoverable plan assets	(320)	-
	<u>          </u>	<u>          </u>
Pension fund liability	-	(33)
	<u>          </u>	<u>          </u>

The movement in the present value of funded obligations is as follows:

	2017 £'000	2016 £'000
At 1 January	(954)	(1,582)
Interest cost	(24)	(38)
Actuarial losses	(30)	(426)
Benefits paid	72	1,092
	<u>          </u>	<u>          </u>
At 31 December	(936)	(954)
	<u>          </u>	<u>          </u>

The movement in the value of plan assets is as follows:

	2017 £'000	2016 £'000
At 1 January	921	1,582
Interest income	24	38
Actuarial (losses) /gains	(321)	9
Contributions from employer - regular funding	384	384
Benefits paid	(72)	(1,092)
	<u>          </u>	<u>          </u>
At 31 December	936	921
	<u>          </u>	<u>          </u>

Scheme assets consist of the following:

	2017 £'000	2016 £'000
Equities	306	-
Gilts	-	-
Bonds	-	-
Cash	950	921
	<u>          </u>	<u>          </u>
	1,256	921
	<u>          </u>	<u>          </u>

# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 21. Provision for other liabilities

	<b>Dilapidations £'000</b>	<b>Onerous leases £'000</b>	<b>Total £'000</b>
At 1 January 2017	861	450	1,311
Charged/ (credited) to profit and loss account	14	(324)	(310)
At 31 December 2017	<u>875</u>	<u>126</u>	<u>1,001</u>

#### Dilapidations

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises.

#### Onerous leases

Where leasehold properties become vacant, the Group provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease.

### 22. Cash flow statement

	<b>2017 £'000</b>	<b>2016 £'000</b>
Operating profit	3,239	2,443
Adjustments to cash flows from non-cash items:		
Depreciation	535	471
Loss on sale	-	12
Amortisation	<u>1,400</u>	<u>1,400</u>
Operating cash flow before movement in working capital	5,174	4,326
Increase in debtors	(1,862)	(2,659)
(Decrease)/ Increase in creditors	(828)	719
Decrease in provision for other liabilities	(310)	(167)
Adjustment for pension funding	<u>(384)</u>	<u>(384)</u>
<b>Cash flows from operating activities</b>	<u><u>1,790</u></u>	<u><u>1,835</u></u>



# Sweco UK Holding Limited

## Notes to the financial statements Year ended 31 December 2017

### 23. Subsidiaries

Subsidiaries are listed below. All these companies are incorporated in England and Wales except Sweco Ireland Limited which is incorporated in Ireland.

The registered office of Sweco Ireland Limited is Riverside One, Sir John Rogerson's Quay, Dublin 2. The registered office of all other subsidiaries is Grove House, Mansion Gate Drive, Leeds, LS7 4DN.

Name	Nature of business	%Holding
Sweco Services UK Limited	Management services company	100
Sweco UK Limited	Consulting and engineering services	100
Sweco Ireland Limited	Dormant	100
Whitelaw Turkington Landscape Architects Limited	Dormant	100
Roger Preston Group Limited	Management company	100
Roger Preston & Partners Limited	Dormant	100
Roger Preston Limited	Dormant	100
RP+K International Limited	Dormant	100

### 24. Ultimate parent company

In the opinion of the directors, the Company's ultimate parent company is Sweco AB (publ) which is incorporated in Sweden and prepares group financial statements. This is the largest group into which the Company's financial statements are consolidated. Group financial statements are also prepared for the Company's immediate parent company, Sweco Holdco BV, which is incorporated in the Netherlands. This is the smallest group into which the Company's financial statements are consolidated.

Copies of the group financial statements of Sweco AB (publ) are available from Sweco AB (publ), Box 34044, SE-100 26 Stockholm, e-mail [info@sweco.se](mailto:info@sweco.se).

Copies of the group financial statements of Sweco Holco BV are available from Sweco Holco BV, De Holle Bilt 22, 3732 HM De Bilt, PO Box 203, 3730 AE De Bilt.