

AFRY SOLUTIONS UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

AFRY SOLUTIONS UK LIMITED

COMPANY INFORMATION

Directors

M Frenning (appointed 17 January 2023, resigned 1 September 2023)
P Hodges (resigned 21 June 2023)
J Pajunen (resigned 17 January 2023)
M Keegan
P Traynor
L Palsson (appointed 17 January 2023)
D Taylor (appointed 1 April 2023)
R Larsson (appointed 1 September 2023)

Registered number

01192469

Registered office

920 Birchwood Boulevard
Birchwood
Warrington
England
WA3 7QS

Independent auditor

James Cowper Kreston Audit
Chartered Accountants and Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

AFRY SOLUTIONS UK LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The Directors present their strategic report for the year ended 31 December 2023.

Business review

The key performance indicators used by the management in monitoring the Company's operations are; turnover, operating profit, headcount, utilisation and order stock.

During the year turnover increased by 88% (2022: 54%) to £19.6m (2022: £10.4m), whilst operating profit of £2.02m (2022: £0.8m) was an increase of 152% from 2022.

The average number of consulting staff during the year decreased to 47 (2022: 48) whilst the utilisation percentage (available time spent on client work) decreased to 61% from 66%. Order stock decreased in the year to £16.1m (2022: £17.6 m).

Principal risks and uncertainties

The Board is responsible for risk and is responsible for oversight of the risk management process. The Board has considered the principal risks facing the Company and the exposure in relation to each of those risks. The Company operates within the governance framework of AFRY AB. It also has its own established governance framework, with clear terms of reference for the Board and a clear organisation structure, with delegated authorities and responsibilities.

There are formal AFRY Group compliance and internal audit functions. These departments conduct monitoring of various business areas and control procedures. Any issues of significance are brought to the attention of the Board. Planned corrective actions are independently monitored for timely completion and reviewed by the Board.

The financial instruments of the Company comprise cash, short term debtors and creditors, and equity shares.

Risk management is an integral part of AFRY Group's business management and internal controls framework. The aim of risk management is to enable the achievement of strategic and financial objectives and targets in a controlled manner. AFRY Group's risk management consists of a co-ordinated set of activities to identify, evaluate, treat and control all major risk areas of the AFRY Group in a systematic and proactive manner. Risks are addressed in accordance with the following major risk categories; external risks and internal risks identified as strategic risks, operational risks and financial risks.

Exposure to credit, market, liquidity and project risk arises in the normal course of business. Price risk is not considered to be a significant factor due to the relatively short term nature of most of the Company's projects.

The Directors review and agree policies for managing each of these risks and they are discussed in the Directors' report. These policies have remained unchanged since the beginning of the year ended 31 December 2023.

This report was approved by the board and signed on its behalf.

M Keegan

Director

Date: 25 September 2024

AFRY SOLUTIONS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the financial statements for the year ended 31 December 2023.

Directors

The Directors who served during the year were:

M Frenning (appointed 17 January 2023, resigned 1 September 2023)
P Hodges (resigned 21 June 2023)
J Pajunen (resigned 17 January 2023)
M Keegan
P Traynor
L Palsson (appointed 17 January 2023)
D Taylor (appointed 1 April 2023)
R Larsson (appointed 1 September 2023)

Results and dividends

The profit for the year, after taxation, amounted to £1,672,032 (2022 - £704,231).

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

AFRY SOLUTIONS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, James Cowper Kreston Audit, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

M Keegan
Director

Date: 25 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE UNDER SECTION 449 OF THE COMPANIES ACT 2006 OF AFRY SOLUTIONS UK LIMITED

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Opinion

We have audited the financial statements of AFRY Solutions UK Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AFRY SOLUTIONS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE UNDER SECTION 449 OF THE COMPANIES ACT 2006 OF AFRY SOLUTIONS UK LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of noncompliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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

Use of our report

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

James Pitt BA BFP FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

AFRY SOLUTIONS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover	4	19,634,291	10,425,835
Cost of sales		(15,107,256)	(7,729,263)
Gross profit		<u>4,527,035</u>	<u>2,696,572</u>
Administrative expenses		(2,602,873)	(2,064,817)
Other operating income		17,800	86,578
Operating profit	5	<u>1,941,962</u>	<u>718,333</u>
Interest receivable and similar income	9	186,474	72,032
Other finance income		57,222	81,816
Profit before tax		<u>2,185,658</u>	<u>872,181</u>
Tax on profit	10	(513,626)	(167,950)
Profit for the financial year		<u><u>1,672,032</u></u>	<u><u>704,231</u></u>
Other comprehensive income for the year			
Foreign exchange losses on hedge accounting		204,654	(196,860)
Total comprehensive income for the year		<u><u>1,876,686</u></u>	<u><u>507,371</u></u>

The notes on pages 10 to 22 form part of these financial statements.

AFRY SOLUTIONS UK LIMITED
REGISTERED NUMBER: 01192469

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	13	9,026	20,286
Investments	14	25,897	25,897
		<u>34,923</u>	<u>46,183</u>
Current assets			
Debtors: amounts falling due after more than one year	15	2,725	2,725
Debtors: amounts falling due within one year	15	10,280,359	8,695,822
Cash at bank and in hand	16	34	-
		<u>10,283,118</u>	<u>8,698,547</u>
Creditors: amounts falling due within one year	17	(5,445,803)	(5,249,178)
Net current assets		<u>4,837,315</u>	<u>3,449,369</u>
Total assets less current liabilities		<u>4,872,238</u>	<u>3,495,552</u>
Provisions for liabilities			
Deferred tax	18	(3,473)	(3,473)
Other provisions		(65,652)	(65,652)
		<u>(69,125)</u>	<u>(69,125)</u>
Net assets		<u><u>4,803,113</u></u>	<u><u>3,426,427</u></u>
Capital and reserves			
Called up share capital	20	2,854,000	2,854,000
Foreign exchange hedging reserve		7,794	(196,860)
Other reserves		(5,378)	(5,378)
Profit and loss account		1,946,697	774,665
		<u><u>4,803,113</u></u>	<u><u>3,426,427</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M Keegan
Director

Date: 25 September 2024

AFRY SOLUTIONS UK LIMITED					
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023					
	Called up share capital £	Foreign exchange hedging reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2023	2,854,000	(196,860)	(5,378)	774,665	3,426,427
Profit for the year	-	-	-	1,672,032	1,672,032
Foreign exchange gains on hedge accounting	-	204,654	-	-	204,654

Dividends: Equity capital	-	-	-	(500,000)	(500,000)
At 31 December 2023	<u>2,854,000</u>	<u>7,794</u>	<u>(5,378)</u>	<u>1,946,697</u>	<u>4,803,113</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Foreign exchange hedging reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2022	2,854,000	-	(5,378)	70,434	2,919,056
Profit for the year	-	-	-	704,231	704,231
Foreign exchange losses on hedge accounting	-	(196,860)	-	-	(196,860)
At 31 December 2022	<u>2,854,000</u>	<u>(196,860)</u>	<u>(5,378)</u>	<u>774,665</u>	<u>3,426,427</u>

The notes on pages 10 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1. General information**

AFRY Solutions UK Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 920 Birchwood Boulevard, Birchwood, Warrington, England, WA3 7QS.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of AFRY AB as at 31 December 2023 and these financial statements may be obtained from Frösundaleden 2A SE-169 99 Stockholm.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of a parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

The Company has prepared forecasts and projections using what the directors consider to be reasonable assumptions relating to the Company's financial performance, current financial position and existing financial resources. These forecasts, coupled with available support from the parent company, should this be required, are adequate to support their assessment that the Company can continue as a going concern for a period of at least 12 months from the signing of the financial statements which show the Company to be a going concern. The financial statements have therefore been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Remaining life of lease
Office equipment	- 8 years
Computer equipment	- 3-4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.9 Financial instruments

Basic financial instruments:

Aside from hedging arrangements, the Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and amounts owed from and to group undertakings.

Hedging arrangements:

The Company applies hedge accounting in respect of a forward foreign exchange contract held to manage the cash flow exposures of forecast transactions denominated in a foreign currency.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Exposure to movements in foreign exchange rates are hedged where appropriate using forward contracts.

2. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.15 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.16 Hedge accounting

The Company uses foreign currency forward contracts to manage its exposure to cash flow risk on its ongoing revenue contracts. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates in applying the entity's accounting policies

i) Percentage of completion

The Company uses the percentage of completion method to determine the recognition of revenue on projects undertaken. This estimate depends on an accurate assessment of the costs to complete. Project managers, who have adequate and sufficient knowledge of the projects undertaken make these estimates as appropriate. However, estimates are sensitive to unforeseen deviation from expectations, following which the necessary amendments are made.

b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

ii) Useful economic lives of tangible assets (Note 13)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

iii) Impairment of debtors (Note 15)

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

iv) Dilapidation provision (Note 19)

The Company makes an estimate of the expected costs relating to restoration, repair and redecoration of their leased premises at the termination of the leases. This estimate reflects a cost per square foot in line with industry averages.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Turnover

Turnover, which excludes VAT, represents fees earned during the year together with the invoiced value of short term contracts completed in the year. Turnover also includes expenses reimbursed from clients.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	15,195,648	7,560,669
Rest of Europe	1,513,403	385,067
Rest of the world	2,925,240	2,480,099
	<u>19,634,291</u>	<u>10,425,835</u>

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Exchange differences	(64,368)	33,533
Other operating lease rentals	154,122	106,474
Depreciation	<u>11,260</u>	<u>15,056</u>

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>16,000</u>	<u>15,350</u>

AFRY SOLUTIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	3,210,573	2,489,219
Social security costs	356,329	301,698
Cost of defined contribution scheme	259,375	207,614
	<u>3,826,277</u>	<u>2,998,531</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2023 No.	2022 No.
Office and management	6	4
Engineers	51	44
	<u>57</u>	<u>48</u>

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	300,533	217,118
Company contributions to defined contribution pension schemes	22,079	23,657
	<u>322,612</u>	<u>240,775</u>

During the year retirement benefits were accruing to 2 Directors (2022 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £152,041 (2022 - £128,651).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,656 (2022 - £16,657).

9. Interest receivable

	2023 £	2022 £
Other interest receivable	<u>186,474</u>	<u>72,032</u>

AFRY SOLUTIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	513,626	167,950
Total current tax	<u>513,626</u>	<u>167,950</u>
Taxation on profit on ordinary activities	<u>513,626</u>	<u>167,950</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%) as set out below:

2023 **2022**

	£	£
Profit on ordinary activities before tax	<u>2,185,658</u>	<u>872,181</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	513,630	165,714
Effects of:		
Capital allowances for year in excess of depreciation	(4)	2,236
Total tax charge for the year	<u>513,626</u>	<u>167,950</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2023 £	2022 £
Dividends paid	<u>500,000</u>	<u>-</u>

AFRY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Intangible assets

Computer
software
£

Cost

At 1 January 2023	6,000
At 31 December 2023	6,000

Amortisation

At 1 January 2023	6,000
At 31 December 2023	6,000

Net book value

At 31 December 2023	-
At 31 December 2022	-

AFRY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. Tangible fixed assets

Long-term leasehold property	Office equipment	Computer equipment	Total
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	£	£	£	£
Cost or valuation				
At 1 January 2023	65,652	22,391	18,258	106,301
At 31 December 2023	65,652	22,391	18,258	106,301
Depreciation				
At 1 January 2023	56,318	11,439	18,258	86,015
Charge for the year on owned assets	9,334	1,926	-	11,260
At 31 December 2023	65,652	13,365	18,258	97,275
Net book value				
At 31 December 2023	-	9,026	-	9,026
At 31 December 2022	9,334	10,952	-	20,286

14. Fixed asset investments

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**Investments in
subsidiary
companies**
£

Cost or valuation	
At 1 January 2023	25,897
At 31 December 2023	25,897

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Pöyry Energy Nigeria Limited	Nigeria	Provision of energy engineering	Ordinary	100%

AFRY SOLUTIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

15. Debtors

	2023	2022
	£	£
Due after more than one year		
Other debtors	<u>2,725</u>	<u>2,725</u>
	2023	2022
	£	£
Due within one year		
Trade debtors	2,493,141	1,938,422
Amounts owed by group undertakings	5,926,577	5,634,186
Other debtors	42,232	43,747
Prepayments and accrued income	1,436,048	971,438
Tax recoverable	289,085	108,029
Financial instruments	93,276	-
	<u>10,280,359</u>	<u>8,695,822</u>

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated net of a provision for bad debts of £169,907 (2022: £171,187).

During 2022, the Company entered into forward foreign currency contracts to mitigate the exchange rate risk for a certain foreign currency revenue contract. At 31 December 2023, the outstanding contracts mature between January 2023 and June 2025. The Company is committed to buy €9,739,600 and pay a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:SEK and GBP:EUR. The fair value of the forward-foreign currency contracts is £93,276 (2022: creditor of £176,705).

16. Cash and cash equivalents

The Company operates a cash pool arrangement where all of its cash balance is held with a third party bank but controlled by the parent company AFRY AB. The balance on this account at 31 December 2023 is receivable £5,735,840 (2022: £5,634,186) which is included in amounts owed by group undertakings (note 15).

	2023	2022
	£	£
Cash at bank and in hand	<u>34</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

17. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	703,266	129,574
Amounts owed to group undertakings	565,318	733,336
Corporation tax	209,419	127,538
Other taxation and social security	380,037	515,779
Accruals and deferred income	3,587,763	3,566,246
Financial instruments	-	176,705
	<u>5,445,803</u>	<u>5,249,178</u>

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Deferred taxation

	2023	2022
	£	£
At beginning of year	(3,473)	(3,473)
At end of year	<u>(3,473)</u>	<u>(3,473)</u>

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Accelerated capital allowances	<u>(3,473)</u>	<u>(3,473)</u>

19. Provisions

	Dilapidation provision
	£
At 1 January 2023	65,652
At 31 December 2023	<u>65,652</u>

The dilapidation provision relates to an estimate of costs for restoration, repair and redecoration of the Company's leased premises at the termination of the leases in accordance with the terms of the lease agreements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

20. Share capital

	2023 £	2022 £
Authorised, allotted, called up and fully paid		
2,854,000 (2022 - 2,854,000) Ordinary shares of £1.00 each	<u>2,854,000</u>	<u>2,854,000</u>

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £259,375 (2022: £207,614). Contributions totaling £5,154 (2022: £4,737) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	56,938	25,840
Later than 1 year and not later than 5 years	146,880	-
	<u>203,818</u>	<u>25,840</u>

23. Controlling party

AFRY AB (formerly ÅF Pöry AB) is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2023. The consolidated financial statements of this company are available to the public and may be obtained from Frösundaleden 2A SE-169 99 Stockholm.