

Road Management Group Limited
Annual Report and Consolidated Financial
Statements
31 December 2021



Road Management Group Limited
Annual Report and Consolidated Financial Statements
Year Ended 31 December 2021

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Road Management Group Limited

Officers and Professional Advisers

The Board of Directors

Lee Johnson
Clement David Baptiste Leverd
Alexander Victor Thorne
Matthew James Edwards

Company Secretary

Infrastructure Managers Limited

Registered Office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

Lloyds Bank plc
St George's House
6-8 Eastcheap
London
EC3M 1LL

Solicitors

Dentons UKMEA LLP
Quartermile One
15 Lauriston Place
Edinburgh
EH3 9EP

Road Management Group Limited

Strategic Report

Year Ended 31 December 2021

The directors present their strategic report on Road Management Group Limited ("the Group") for the year ended 31 December 2021.

Principal Objectives and Strategies

Road Management Group Limited was established to be the holding company for two design, build, finance and operate contracts for sections of the A1 (M) and the A419/A417, which were both entered into with the Secretary of State for Environment, Transport and the Regions on 8 February 1996. The principal objective of the Group is to operate and maintain the Roadway Concessions in line with the contracted terms. In doing so the Group intends to ensure that the full amount of income is collected in the form of shadow toll revenues as entitled under the contracts. The contracts are both in their operational phase and in year 26 of their term and will expire in 2026.

Results and Dividends

The loss for the financial year, after taxation, amounted to £4,289k (2020: £8,446k).

The loss for the financial year will be transferred to reserves.

Going Concern

During the financial year the Group was fully compliant with the contractual terms and incurred no penalty points. The overall financial performance of the Group was impacted by reduced traffic volumes as a result of Coronavirus pandemic which commenced in March 2020 and continued to impact traffic volumes throughout 2021.

The directors have considered the ongoing financial impact to the Group of the Coronavirus pandemic, taking into account the sources of income and additional expenditure. The Group's total revenues are derived from the levels of traffic usage on the roadway and as such the Government's movement restrictions which were in place at the start of 2021 had a severe impact on the revenue throughout the year. The traffic levels continue to be monitored weekly in an attempt by directors to quantify the full impact of the pandemic but at this stage the full impact cannot be known. The Group does not however envisage that additional costs will be incurred in maintaining and operating the roadway in line with its contractual requirements, but the directors are also monitoring this on a weekly basis. The cashflows that will be received will exceed the costs expected. As part of this monitoring forecasting has been undertaken to consider the Group's cash flows and liabilities and to establish if the Group can meet the remainder of its obligations to the end of the contract.

At the time of signing these financial statements the directors do not believe there to be any reason that the Group will not be in a position to meet those contractual and financial liabilities for the remainder of the concession, with the senior debt liability being repaid in full on 10 June 2021.

Road Management Group Limited

Strategic Report *(continued)*

Year Ended 31 December 2021

Future Developments

The directors intend for the business to continue to operate in line with the contractual terms and do not expect any strategic changes.

Key Performance Indicators

Three key performance indicators are used to measure the performance of the Group:

(1) The level of traffic passing along the roads and its growth. In the year traffic volumes continued to be lower than those seen prior to the Coronavirus pandemic and this is being monitored regularly by the directors. The impact of the Coronavirus pandemic is ongoing and at present it is not possible to estimate the full quantum of the event. The directors continue to monitor the traffic levels on a weekly basis. However, the current forecast projects results which are not expected to impact on the Group's ability to meet its obligations.

(2) The achievement of cash flow targets as set out in the annual budgets. The annual budgets are prepared based on prior performance and experience, to date gained over the last 26 years, but the current year receipts were negatively impacted by the UK Government's ongoing movement restrictions. Future forecasts have been prepared taking into account the impact of Coronavirus.

(3) The maintenance or improvement of the shareholders' internal rate of return as projected in financial models which are produced on a six-monthly basis.

21 other KPIs are monitored on a monthly basis and regularly show an excellent performance. They cover a broad range of subjects including response times, health and safety, network availability and traffic monitoring. In addition there is an Environmental Watch Plan which is reviewed annually with satisfactory results.

Principal Risks and Uncertainties

The risk management policy of the Group is designed to identify and manage risk at the earliest point. The Group keeps a detailed risk register which is periodically reviewed by the board. The principal risks facing the Group are broadly grouped as financial instrument, demand and legislative risk.

Financial Instrument Risk

The Group has raised finance through guaranteed secured bonds and bank borrowings, and places surplus cash in a fund of short term investments. All borrowings are made at fixed rates of interest. The Group operates a long-term business and its policy is to finance it with long-term borrowings.

The Group's exposure to and management of price risk, credit risk, liquidity risk, demand risk and legislative risk are detailed below:

Road Management Group Limited

Strategic Report *(continued)*

Year Ended 31 December 2021

Price Risk

A proportion of the cash-flows generated from the roadway concession increase in line with RPI inflators and this covers all expenditure which is affected by inflation.

Credit Risk

The roadway concession cash-flows are secured under contract with National Highways Limited, a government body. As such the directors of the Group consider it to be exposed to very low credit risk.

Demand and Liquidity Risk

The roadway concession cash-flows are generated from traffic flows paid in the form of shadow tolls by National Highways Limited, a government body. The financial model is regularly updated to reflect actual traffic performance and anticipated road maintenance costs. The financial model is subject to regular sensitivity tests to ensure that the Company is able to meet its contractual and financial liabilities for the remainder of the concession.

Legislative Risk

The Group faces indirect legislative risks including increased fuel costs and vehicle taxation as a result of government policy, which could adversely affect the traffic flows on the roadway.

Road Management Group Limited

Strategic Report *(continued)*

Year Ended 31 December 2021

S172 Statement

The following disclosure describes how the Board has had regard to the matters set out in section 172 (1) (a) to (f) and forms the Directors Statement required under section 414CZA of the Companies Act 2006.

The purpose of the Group is to design, build, finance and operate the A1(M) road between Alconbury and Peterborough over a concession period of 30 years to the satisfaction of National Highways Limited. The Group's aim is to work in partnership with National Highways Limited to provide effective infrastructure of a high quality standard. This shapes the Group's values and objectives and defines long term success. Decisions are taken in the context of this ethos of working in partnership. The Group has the long term funding in place, as described in the directors report. The detailed PFI contracts set out the relationships with National Highways Limited, debt funders, maintenance and operations contractors. These parties are the Group's main stakeholders. The Group also works with the local authority to ensure their requirements are met. The Debt was fully repaid in June 2021 so Debt funders are no longer a main stakeholder. Debt funders were provided with operational and financial reports on a quarterly basis. The operational management team works closely with National Highways Limited and the maintenance and operations contractors to programme major works on the road. National Highways Limited receive regular updates on programmed works and applications for road closures to enable major works, so that disruption to the public can be kept to a minimum. The Group ensures that the road is maintained to the required standards. The Group does not have any employees.


The Board is an experienced team with representatives of all shareholders. The Board members have experience of workings with other key stakeholders, which enables them to identify the long term consequences of the principal decisions. The Board meet on a quarterly basis and information is provided at the meetings by the operational and financial management teams. This information will have regard to health and safety matters, the operational and financial performance of the project, planned major maintenance works and relationships with the client and the main subcontractors. The operational and financial management team make recommendations to the Board of directors. These are considered at the quarterly board meetings. These Board meetings are minuted and actions arising are monitored. Decisions made by the directors that have a financial impact are accounted for in a concession length forecast of financial performance.

Principal decisions of the Group are those that are key to the Group's success. These include but are not limited to: decisions impacting upon the relationships between the parties, decisions impacting upon the availability and safety of the road and decisions impacting the return to the shareholders, including the impact of the pandemic which commenced in March 2020.

The principal decisions made by the Board of directors during the year ended 31 December 2021 related in the main to major maintenance expenditure.

Major maintenance expenditure is planned following asset condition surveys, with the aim to maintain the asset at the required contractual standards and to ensure that the asset will meet the required contractual standards at the end of the concession. The delivery of these works is carefully planned with the maintenance and operation contractors and client, to ensure minimum disruption to the users of the roads and the safety of the contractors' employees.

This report was approved by the board of directors on 17 June 2022 and signed on behalf of the board by:


Lee Johnson {Jun 17, 2022 09:52 GMT+1}

Lee Johnson

Director

Road Management Group Limited

Directors' Report

Year Ended 31 December 2021

The directors present their report and the audited Annual Report and Consolidated Financial Statements of Road Management Group Limited ("the Company") for the year ended 31 December 2021.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

Lee Johnson	
Matthew James Edwards	
Clement David Baptiste Leverd	(Appointed 5 November 2021)
Alexander Victor Thorne	(Appointed 5 November 2021)
Victor Ensenat Coe	(Resigned 5 November 2021)
Laura Grau Blasi	(Resigned 5 November 2021)
Peter John Meffan	(Resigned 22 February 2022)
Nicola Sparrow	(Resigned 22 February 2022)

Dividends

Particulars of recommended dividends are detailed in note 11 to the Annual Report and Consolidated Financial Statements.

Qualifying Third Party Indemnity Provisions

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

Disclosure of Information in the Strategic Report

Please refer to the Strategic report for full details of risks, principals and objectives and performance of the Company.

Disclosure of Information to Auditors

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

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

The independent auditors, PricewaterhouseCoopers LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 17 June 2022 and signed by order of the board by:



Mike Forrest on behalf of Infrastructure Managers Limited
Company Secretary

Road Management Group Limited

Directors' Responsibilities Statement

Year Ended 31 December 2021

The directors are responsible for preparing the Strategic Report, Directors' Report and the Annual Report and Consolidated Financial Statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the Annual Report and Consolidated Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and the profit or loss of the group for that period.

In preparing the Annual Report and Consolidated Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Consolidated Financial Statements; and
- prepare the Annual Report and Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Road Management Group Limited

Independent Auditors' Report to the Members of Road Management Group Limited

Year Ended 31 December 2021

Report on the Audit of the Financial Statements

Opinion

In our opinion, Road Management Group 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 2021 and of the group's loss and the group's 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 Statements of Financial Position as at 31 December 2021; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, 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.

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, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Road Management Group Limited

Independent Auditors' Report to the Members of Road Management Group Limited *(continued)*

Year Ended 31 December 2021

Conclusions Relating to Going Concern

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 Group's and 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.

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.

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.

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

Road Management Group Limited

Independent Auditors' Report to the Members of Road Management Group Limited (continued)

Year Ended 31 December 2021

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, 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 Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 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 Strategic Report and Directors' Report.

Road Management Group Limited

Independent Auditors' Report to the Members of Road Management Group Limited *(continued)*

Year Ended 31 December 2021

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' responsibilities statement, 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.

Road Management Group Limited

Independent Auditors' Report to the Members of Road Management Group Limited *(continued)*

Year Ended 31 December 2021

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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and deter irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, impacting revenue and distributable reserves.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Road Management Group Limited

Independent Auditors' Report to the Members of Road Management Group Limited *(continued)*

Year Ended 31 December 2021

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

We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

17 June 2022

Road Management Group Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	32,020	32,092
Gross profit		<u>32,020</u>	<u>32,092</u>
Administrative expenses		(32,583)	(33,627)
Operating loss	5	(563)	(1,535)
Gain on disposal of cash investments	7	2,181	–
Interest receivable and similar income	8	11	96
Interest payable and similar expenses	9	(5,773)	(8,228)
Loss before taxation		<u>(4,144)</u>	<u>(9,667)</u>
Tax on loss	10	(145)	1,221
Loss for the financial year		<u>(4,289)</u>	<u>(8,446)</u>
Fair value gain on investment		–	52
Fair value gain recycled through comprehensive income upon disposal of investment		(2,181)	–
Other comprehensive (expense)/income for the year		<u>(2,181)</u>	<u>52</u>
Total comprehensive expense for the year		<u>(6,470)</u>	<u>(8,394)</u>

All the activities of the group are from continuing operations.

The notes on pages 20 to 37 form part of these Annual Report and Consolidated Financial Statements.

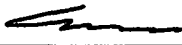
Road Management Group Limited

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	12	113,875	134,810
Investments	13	—	6,224
		<u>113,875</u>	<u>141,034</u>
Current assets			
Debtors: amounts falling due within one year	14	21,824	22,920
Cash at bank and in hand		<u>14,315</u>	<u>43,137</u>
		36,139	66,057
Creditors: amounts falling due within one year	15	(14,791)	(35,053)
Net current assets		<u>21,348</u>	<u>31,004</u>
Total assets less current liabilities		135,223	172,038
Creditors: amounts falling due after more than one year	16	(40,608)	(52,027)
Provisions for liabilities			
Taxation including deferred taxation	18	(3,164)	(2,990)
Net assets		<u>91,451</u>	<u>117,021</u>
Capital and reserves			
Called up share capital	21	25,335	25,335
Fair value reserve	22	—	2,181
Retained earnings	22	<u>66,116</u>	<u>89,505</u>
Total shareholders' funds		<u>91,451</u>	<u>117,021</u>

The Financial Statements were approved by the board of directors and authorised for issue on 17 June 2022, and are signed on behalf of the board by:


 Lee Johnson (Jun 17, 2022 09:52 GMT+1)

Lee Johnson
 Director

Company registration number: 02804119


The notes on pages 20 to 37 form part of these Annual Report and Consolidated Financial Statements.

Road Management Group Limited
Company Statement of Financial Position
As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	13	25,335	25,335
Current assets			
Debtors: amounts falling due within one year	14	36,504	50,605
Creditors: amounts falling due within one year	15	<u>(1,072)</u>	<u>(5,540)</u>
Net current assets		<u>35,432</u>	<u>45,065</u>
Total assets less current liabilities		<u>60,767</u>	<u>70,400</u>
Creditors: amounts falling due after more than one year	16	<u>(35,432)</u>	<u>(45,065)</u>
Net assets		<u>25,335</u>	<u>25,335</u>
Capital and reserves			
Called up share capital	21	25,335	25,335
Retained earnings	22		
At beginning of year		–	–
profit for the year		19,100	–
Dividends paid		(19,100)	–
At end of year		–	–
Total shareholders' funds		<u>25,335</u>	<u>25,335</u>

The profit for the financial year of the parent company was £19,100,000 (2020: £Nil).

The Financial Statements were approved by the board of directors and authorised for issue on 17 June 2022, and are signed on behalf of the board by:


 Lee Johnson (Jun 17, 2022 09:52 GMT+1)

Lee Johnson
 Director

Company registration number: 02804119

The notes on pages 20 to 37 form part of these Annual Report and Consolidated Financial Statements.

Road Management Group Limited

Consolidated Statement of Changes in Equity

Year Ended 31 December 2021

	Called up share capital £000	Fair value reserve £000	Retained earnings £000	Total £000
At 1 January 2020	25,335	2,129	97,951	125,415
Loss for the financial year			(8,446)	(8,446)
Other comprehensive (expense)/income for the year:				
Fair value gain on investment	—	52	—	52
Total comprehensive expense for the year	—	52	(8,446)	(8,394)
At 31 December 2020	25,335	2,181	89,505	117,021
Loss for the financial year			(4,289)	(4,289)
Other comprehensive (expense)/income for the year:				
Fair value gain recycled through comprehensive income upon disposal of investment	—	(2,181)	—	(2,181)
Total comprehensive expense for the year	—	(2,181)	(4,289)	(6,470)
Dividends paid and payable	11	—	(19,100)	(19,100)
Total investments by and distributions to owners	—	—	(19,100)	(19,100)
At 31 December 2021	<u>25,335</u>	<u>—</u>	<u>66,116</u>	<u>91,451</u>

The notes on pages 20 to 37 form part of these Financial Statements.

Road Management Group Limited
Company Statement of Changes in Equity
Year Ended 31 December 2021

	Called up share capital £000	Retained earnings £000	Total £000
At 1 January 2020	25,335	–	25,335
Result for the financial year		–	–
At 31 December 2020	25,335	–	25,335
Profit for the financial year		19,100	19,100
Total comprehensive income for the year	–	19,100	19,100
Dividends paid and payable	11	(19,100)	(19,100)
Total investments by and distributions to owners	–	(19,100)	(19,100)
At 31 December 2021	<u>25,335</u>	<u>–</u>	<u>25,335</u>

The notes on pages 20 to 37 form part of these Financial Statements.

Road Management Group Limited

Consolidated Statement of Cash Flows

Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Cash generated from operations	23	12,576	28,515
Interest paid		(5,766)	(2,572)
Interest received		11	96
Tax paid		(124)	(675)
Net cash from operating activities		<u>6,697</u>	<u>25,364</u>
Cash flows from investing activities			
Proceeds from sale of investments		6,224	11,377
Net cash from investing activities		<u>6,224</u>	<u>11,377</u>
Cash flows from financing activities			
Repayments of borrowings		(22,643)	(27,810)
Dividends paid		(19,100)	—
Net cash used in financing activities		<u>(41,743)</u>	<u>(27,810)</u>
Net (decrease)/increase in cash and cash equivalents		(28,822)	8,931
Cash and cash equivalents at beginning of year		43,137	34,206
Cash and cash equivalents at end of year		<u>14,315</u>	<u>43,137</u>

The notes on pages 20 to 37 form part of these Annual Report and Consolidated Financial Statements.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements

Year Ended 31 December 2021

1. General Information

Road Management Group Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England & Wales. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

Road Management Group Limited is a special purpose vehicle company established to be the holding company for two design, build, finance and operate contracts for sections of the A1 (M) and the A419/A417, which were both entered into with the Secretary of State for Environment, Transport and the Regions on 8 February 1996. The A1(M) project is an upgrade to motorway standard of existing stretches of the A1 trunk road between Alconbury and Peterborough. The A417/A419 project involves upgrading the existing road to all-purpose dual carriageway standard, including the construction of three new bypass schemes and the operation and maintenance of the existing stretch of the road between Swindon and Gloucester.

The contracts relating to Road Management Services (Peterborough) Limited and Road Management Services (Gloucester) Limited are both in their operational phase and in year 26 of their terms and both expire in 2026.

The finance for the two projects was raised by the issue of £165,000,000 in guaranteed secured bonds due 2002-2021 issued by Road Management Consolidated PLC, a special purpose company which is also a subsidiary of Road Management Group Limited. The bonds were listed on the London Stock Exchange and had the benefit of an unconditional and irrevocable financial guarantee as to all payments of interest and principal issued by the monoline insurer AMBAC. This was repaid in full on 10 June 2021. Further funds were raised by means of a £111,000,000 loan facility provided by the European Investment Bank and this facility was repaid in full on 10 December 2020. Both the bond and European Investment Bank loan proceeds are being on-lent to the project companies.

Financial close on the two projects was achieved on 28 March 1996 and progress has been satisfactory on all aspects of the Design, Build, Finance and Operate contracts since that time. The construction phase of the A417/A419 project was successfully completed on 1 July 1998, whilst the A1(M) construction phase was completed on 18 December 1998. Following the completion of the new works the Group has been successfully carrying out routine maintenance functions to the satisfaction of National Highways Limited.

For further details please refer to the strategic report.

The Company and Group's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Road Management Group Limited 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.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying

the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies *(continued)*

(b) Going concern

During the financial year the Group was fully compliant with the contractual terms and incurred no penalty points. The overall financial performance of the Group was impacted by reduced traffic volumes as a result of Coronavirus pandemic which commenced in March 2020 and continued to impact traffic volumes throughout 2021.

The directors have considered the ongoing financial impact to the Group of the Coronavirus pandemic, taking into account the sources of income and additional expenditure. The Group's total revenues are derived from the levels of traffic usage on the roadway and as such the Government's movement restrictions which were in place at the start of 2021 had a severe impact on the revenue throughout the year. The traffic levels continue to be monitored weekly in an attempt by directors to quantify the full impact of the pandemic but at this stage the full impact cannot be known. The Group does not however envisage that additional costs will be incurred in maintaining and operating the roadway in line with its contractual requirements, but the directors are also monitoring this on a weekly basis. The cashflows that will be received will exceed the costs expected. As part of this monitoring forecasting has been undertaken to consider the Group's cash flows and liabilities and to establish if the Group can meet the remainder of its obligations to the end of the contract.

At the time of signing these financial statements the directors do not believe there to be any reason that the Group will not be in a position to meet those contractual and financial liabilities for the remainder of the concession, with the senior debt liability being repaid in full on 10 June 2021.

(c) Disclosure exemptions

The parent Company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the Company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

(d) Consolidation

The consolidated financial statements include the Company and all its subsidiary undertakings. Where subsidiary undertakings are acquired during the period their results are included in the consolidated financial statements from the date of acquisition up to the date of the financial period end.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual Statement of Comprehensive Income. The Company recorded a result of £nil (2020: £nil).

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies *(continued)*

(e) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost less any impairment losses, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

(f) Revenue recognition

Turnover represents the income derived from the provision of two roadways to National Highways Limited under 30 year contracts. Shadow tolls receivable from National Highways Limited which were in excess of net operating, maintenance, depreciation costs and income were deferred up until the completion of the roadway improvements. Subsequent to the completion of the roadway improvements, all income earned has been recognised in the Statement of Comprehensive Income and the deferred shadow tolls are being amortised over the remaining life of the concession in line with the depreciation charge.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies *(continued)*

(g) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(h) Tangible assets

All fixed assets are initially recorded at cost. The cost of the roadway concession asset represents expenditure on the improvements to the roadway up until the date of completion. This includes the direct cost of financing the improvements, up until the date of completion.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies *(continued)*

(i) Depreciation

Depreciation of the road concession assets is calculated on the annuity basis over the remaining period of the concession contract after completion of the roadways. This method is adopted in order to reflect the increasing cashflows generated from the assets.

All other fixed assets are depreciated at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition of each asset over its expected useful life, as follows:

Plant and machinery - over 5 to 15 years
Land and buildings - over 26 years

(j) Investments

The Company's Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Other investments are recorded at cost.

The Group's investment is a cash investment held within the Aberdeen Standard Sterling Flexible cash fund. This investment is available upon demand and carries variable returns based upon the market results of the fund's investments. The investment is carried at fair value.

(k) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

All cash balances are unencumbered.

(m) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies *(continued)*

(n) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

(o) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4. Turnover

Turnover arises from:

	2021 £000	2020 £000
Rendering of services	<u>32,020</u>	<u>32,092</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating Loss

Operating profit or loss is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible assets	20,935	19,122
Fees payable for the audit of the annual report and consolidated financial statements	<u>47</u>	<u>48</u>

The auditors' remuneration relates to the costs for all companies within the Group and was borne by Road Management Services (Peterborough) Limited and Road Management Services (Gloucester) Limited in equal proportions. The Road Management Group Limited company audit fee was £6K (2020:£7K).

6. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2020: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2020: £nil).

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

7. Income from Other Fixed Asset Investments

	2021	2020
	£000	£000
(Gain)/loss on disposal of other fixed asset investments	<u>2,181</u>	<u>—</u>

8. Interest Receivable and Similar Income

	2021	2020
	£000	£000
Interest on cash and cash equivalents	10	96
Interest from Group undertakings	1	—
	<u>11</u>	<u>96</u>

9. Interest Payable and Similar Expenses

	2021	2020
	£000	£000
Bank loans	347	2,572
Interest payable to controlling parties	5,419	5,540
Other interest payable and similar expenses	7	116
	<u>5,773</u>	<u>8,228</u>

10. Tax on Loss

Major components of tax income

	2021	2020
	£000	£000
Current tax:		
UK current tax income	136	(383)
Adjustments in respect of prior periods	(165)	(808)
Total current tax	<u>(29)</u>	<u>(1,191)</u>
Deferred tax:		
Origination and reversal of timing differences	174	(30)
Tax on loss	<u>145</u>	<u>(1,221)</u>

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

10. Tax on Loss *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the loss for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £000	2020 £000
Loss before taxation	(4,144)	(9,667)
Loss before taxation by rate of tax	(1,201)	(1,837)
Adjustment to tax charge in respect of prior periods	(165)	(808)
Effect of expenses not deductible for tax purposes	710	1,161
Utilisation of tax losses	165	262
Group relief claims	–	(396)
Other timing differences	636	397
Total tax charge/(credit)	145	(1,221)

During the year, as a result of the increase in the UK main corporation tax rate from 19% to 25% that was enacted in May 2021 to take effect from 1 April 2023, the relevant deferred tax balances have been remeasured at 25%. This change has increased the deferred tax liability at the balance sheet date, and so has increased the profit in the year by £635,975.

The introduction of legislation restricting the tax deductibility of interest for UK companies with effect from 1 April 2017 has resulted in adjustments to the taxable profits of both the current and the prior year. Interest disallowed in the year under this BEPS legislation was £3,736k (2020: £6,060K), resulting in an increase in the tax charge of £710K (2020: £1,151K).

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021 £000	2020 £000
Dividends on equity shares of £0.75 (2020: £nil)	19,100	–

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

12. Tangible Assets

Group	Land and buildings £000	Plant and machinery £000	Cost related to roadway concession £000	Total £000
Cost				
At 1 January 2021 and 31 December 2021	<u>692</u>	<u>1,454</u>	<u>317,255</u>	<u>319,401</u>
Accumulated depreciation				
At 1 January 2021	292	1,297	183,002	184,591
Charge for the year	<u>56</u>	<u>35</u>	<u>20,844</u>	<u>20,935</u>
At 31 December 2021	<u>348</u>	<u>1,332</u>	<u>203,846</u>	<u>205,526</u>
Carrying amount				
At 31 December 2021	<u>344</u>	<u>122</u>	<u>113,409</u>	<u>113,875</u>
At 31 December 2020	<u>400</u>	<u>157</u>	<u>134,253</u>	<u>134,810</u>
Company				
		Plant and machinery £000	Cost related to roadway concession £000	Total £000
Cost				
At 1 January 2021 and 31 December 2021		<u>66</u>	<u>1</u>	<u>67</u>
Accumulated depreciation				
At 1 January 2021		64	3	67
Charge for the year		<u>2</u>	<u>(2)</u>	<u>-</u>
At 31 December 2021		<u>66</u>	<u>1</u>	<u>67</u>
Carrying amount				
At 31 December 2021		<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2020		<u>2</u>	<u>(2)</u>	<u>-</u>

The concessions to operate the roadways have been acquired from National Highways Limited for a period of thirty years. Expenditure on improvements to both of the roadways which were completed during 1998 is reflected in the Roadway Concession Asset and includes capitalised finance costs of £34,511K (2020: £34,511K).

13. Investments

Group	Cash Investments £000
Cost	
At 1 January 2021	6,224
Disposals	<u>(6,224)</u>
At 31 December 2021	<u>-</u>
Impairment	
At 1 January 2021 and 31 December 2021	<u>-</u>

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

13. Investments *(continued)*

Group	Cash Investments £000
Carrying amount At 31 December 2021	—
At 31 December 2020	6,224
Company	Shares in Group companies £000
Cost At 1 January 2021 and 31 December 2021	25,335
Impairment At 1 January 2021 and 31 December 2021	—
Carrying amount At 31 December 2021	25,335
At 31 December 2020	25,335

Cash investment

The cash investment was held within the Aberdeen Standard Flexible cash fund. This investment was repaid in full in the year.

Shares in Group Companies

The investment represents 100% of the issued share capital of the following:

	% Holding of ordinary shares	Nature of business
Road Management Services (Peterborough) Limited	100	Road Concession Operator
Road Management Services (Gloucester) Limited	100	Road Concession Operator
Road Management Limited	100	Management Services
Road Management Consolidated PLC	100	Finance Company

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

13. Investments *(continued)*

Road Management Services (Peterborough) Limited and Road Management Services (Gloucester) Limited were established as the project companies to enter into design, build, finance and operation contracts with the Secretary of State for Environment, Transport and the Regions. Under these contracts they were granted the right, and undertook the obligation to design, build, finance and, for the 30-year contract term, operate and maintain a 22.35-kilometre section of the A1(M) between Alconbury and Peterborough and a 52.1-kilometre section of the A419/A417 between Swindon and Gloucester respectively.

The finance for the two projects was raised by the issue of £165,000K in guaranteed secured bonds due 2002-2021 issued by Road Management Consolidated PLC, a special purpose company which is also a subsidiary of Road Management Group Limited. The bonds were listed on the London Stock Exchange and had the benefit of an unconditional and irrevocable financial guarantee as to all payments of interest and principal issued by the monoline insurer AMBAC. These were repaid in full on 10 June 2021. Further funds were raised by means of a £111,000K loan facility provided by the European Investment Bank which was repaid in full on 10 December 2020.

Road Management Limited was set up for the purpose of the general administration of the Road Management Group companies and to enable them to bid for additional contracts of a similar nature.

The registered address for each of the companies in which the Company holds an investment is Cannon Place, 78 Cannon Street, London EC4N 6AF.

14. Debtors

Debtors amounts falling due within one year are as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts owed by Group undertakings	7,788	18,646	36,504	50,605
Prepayments and accrued income	13,126	3,515	–	–
Corporation tax repayable	910	759	–	–
	<u>21,824</u>	<u>22,920</u>	<u>36,504</u>	<u>50,605</u>

The loans by group undertakings are not interest bearing and are due on demand. However the Company has agreed to not call upon the loan from its subsidiary for more than 12 months from the date of these financial statements.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

15. Creditors: amounts falling due within one year

	2021	Group	2021	Company
	£000	2020	£000	2020
		£000		£000
Trade creditors	4,736	77	–	–
Amounts owed to Group undertakings	1,071	5,601	1,072	5,540
Accruals and deferred income	5,971	16,884	–	–
Taxation and social security	32	975	–	–
Bond	–	8,535	–	–
Other creditors	2,981	2,981	–	–
	<u>14,791</u>	<u>35,053</u>	<u>1,072</u>	<u>5,540</u>

Amounts owed to Group undertakings are trading balances, are non interest bearing and are repayable on demand.

The Group had issued guaranteed secured bonds totalling £165,000K, due 2002-2021. The bonds were listed on the London Stock Exchange and had the benefit of an unconditional and irrevocable financial guarantee as to all payments of interest and principal issued by the monoline insurer AMBAC. Further funds were raised by means of a £111,000K loan facility provided by the European Investment Bank which was repaid in full on 10 December 2020. Both the bond and European Investment Bank loan proceeds were on-lent to Road Management Services (Gloucester) Limited and Road Management Services (Peterborough) Limited.

Interest on the bonds was payable at a fixed rate of 9.18% with interest being payable six monthly in June and December. The principal was repayable in 6 monthly instalments, with the final repayment made on 10 June 2021. The balance of the bond as at 31 December 2021 was £nil (2020: £8,541K).

Loans are stated net of issue costs of £nil (2020: £7K), which are amortised across the life of loans.

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

	2021	Group	2021	Company
	£000	2020	£000	2020
		£000		£000
Amounts owed to Group undertakings	35,432	45,065	35,432	45,065
Accruals and deferred income	5,176	6,962	–	–
	<u>40,608</u>	<u>52,027</u>	<u>35,432</u>	<u>45,065</u>

Amounts owed to Group undertakings relate to subordinated loan notes issued, together with interest on those loan notes which has been capitalised. As at 31 December 2021 the capitalised interest amounted to £34,271K (2020: £34,271K). Interest on the loan notes is charged at 12% per annum and is payable six monthly in March and September. The loan notes are fully repayable in March 2026.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

17. Accruals and Deferred Income Group

Deferred shadow tolls

	2021 £000	2020 £000
Balance as at 1 January	8,373	9,412
Released during the year	(1,280)	(1,039)
Balance as at 31 December	<u>7,093</u>	<u>8,373</u>

18. Provisions for Liabilities

Group

Deferred tax
(note 19)

	£000
At 1 January 2021	2,990
Deferred tax	174
At 31 December 2021	<u>3,164</u>

The Company does not have any provisions.

19. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	2021 £000	Group 2020 £000	2021 £000	Company 2020 £000
Included in provisions for liabilities (note 18)	<u>3,164</u>	<u>2,990</u>	<u>-</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £000	Group 2020 £000	2021 £000	Company 2020 £000
Accelerated capital allowances	3,146	2,969	-	-
Deferred tax - other timing differences	<u>18</u>	<u>21</u>	<u>-</u>	<u>-</u>
	<u>3,164</u>	<u>2,990</u>	<u>-</u>	<u>-</u>

The net deferred tax liability expected to reverse in 2022 is £504K. This primarily relates to the reversal of timing differences on capital allowances offset by expected utilisation of tax losses.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

24. Analysis of Changes in Net Debt

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£000	£000	£000
Cash at bank and in hand	43,137	(28,822)	14,315
Debt due within one year	(5,601)	4,530	(1,071)
Debt due after one year	(45,065)	9,633	(35,432)
	<u>(7,529)</u>	<u>(14,659)</u>	<u>(22,188)</u>

25. Related Party Transactions

Company

During the year the group had the following transactions and balances with the shareholders of Road Management Group and their subsidiaries:

	2021 £000	2020 £000
Salary recharges to the company by Kellogg Brown & Root Limited	3	–
Management fees charged to the company by Kellogg Brown & Root Limited	154	152
Management fees charged to the company by Infrastructure Investments Roads Management Limited	206	203
Management fees charged to the company by BIIF LP	571	563
Amounts included in creditors owed to Infrastructure Investments Roads Management Limited	62	61

The Group had loans due to and from controlling parties which are disclosed in notes 12, 13 and 14. These represent accrued interest on subordinated loans, principals due on subordinated loans as well as amounts due on loans to shareholders which are not interest bearing and amounts due with respect to consortium tax relief which is also not interest bearing.

Road Management Group Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 December 2021

26. Controlling Party

On 22 February 2022, Kellogg Brown & Root Limited transferred all of its shares held in Road Management Group Limited (being 25%) to Infrastructure Central Limited. Also in the year 100% of the share capital in Infrastructure Investment Roads Management Limited (formerly known as Abertis Motorways UK Limited) was purchased by Infrastructure Central Limited. As such, the share capital of Road Management Group Limited is now held in the proportions of AM Holdco Limited 41.7% and Infrastructure Investment Roads Management Limited 58.3% (by way of its holding in Infrastructure Investments Roads Management Limited). Each of these companies are registered in England.

The ultimate parent and controlling party of AM Holdco Limited is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.

The ultimate parent and controlling party of Infrastructure Central Limited is HICL Infrastructure Plc, a company registered in England and listed on the London Stock Exchange and registered at 12 Charles II Street, London, SW1Y 4QU.