

***U K HIGHWAYS PLC***

***ACCOUNTS FOR THE YEAR ENDED***

***30 JUNE 1996***



## **DIRECTORS' REPORT**

THE DIRECTORS submit their report and the financial statements for the year ended 30 June 1996.

### **REVIEW FOR THE YEAR**

The principal activity of the group is to design, build, finance, maintain and operate roads.

The profit on ordinary activities before tax for the year amounted to £399,735. The directors do not recommend the payment of a dividend.

In the year ended 30 June 1996 all costs incurred on DBFO road projects, including those charged to the profit and loss account in 1995, have been recharged to the shareholders. The losses reported in 1995 have therefore been recovered, resulting in a credit to the profit and loss account during 1996.

### **DIRECTORS**

The directors at any time during the year were:

J Armstrong	
M Cremieux	
AY Evans	
H Gillet	
G A Hawker	
J M James	
M J Lavers	- appointed 12 June 1996
T H Mason	- appointed 12 June 1996
B Pellard	- resigned 12 June 1996
N I Simms	- resigned 12 June 1996

### **DIRECTORS' SHAREHOLDINGS**

The directors had no interests in the shares of the company at any time during the year.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

**DIRECTORS' REPORT** (Contd..)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES** (Continued)

- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**AUDITORS**

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

On behalf of the board



S Brooks  
30 January 1997

## **AUDITORS' REPORT**

To the members of U K Highways PLC

We have audited the financial statements on pages 4 to 9.

### ***Respective responsibilities of directors and auditors***

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### ***Basis of opinion***

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### ***Opinion***

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
Chartered Accountants  
Registered Auditors  
London

25th July 1997

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 JUNE 1996**

	Notes	1996 £	Period ended 30 June 1995 £
Operating and administrative expenses		(986,095)	(399,735)
Other operating income	1	1,385,830	-
<b>Profit/(loss) on ordinary activities before taxation</b>	2	<b>399,735</b>	<b>(399,735)</b>
Taxation		-	-
<b>Profit/(loss) for the year</b>		<b>399,735</b>	<b>(399,735)</b>

All gains and losses are recognised in the profit and loss account.

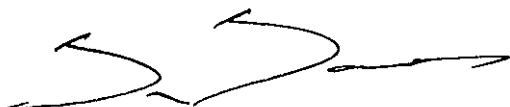
A statement of movements on reserves is given in note 8.

All items in the profit and loss account relate to continuing operations.

**BALANCE SHEET AT 30 JUNE 1996**

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Investments	5	4	-
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year	6	362,433	64,429
Cash at bank and in hand		122,077	-
		484,510	64,429
<b>CREDITORS: amounts falling due within one year</b>	7	434,514	414,164
<b>NET CURRENT ASSETS\LIABILITIES</b>		49,996	(349,735)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		50,000	(349,735)
<b>CAPITAL AND RESERVES</b>			
Called up share capital			
Allotted, called up and fully paid			
50,000 ordinary shares of £1 each	9	50,000	50,000
Profit and loss account	8	-	(399,735)
<b>SHAREHOLDERS' FUNDS</b>		50,000	(349,735)

For and on behalf of the board



J M James  
30 January 1997

**RECONCILIATION OF OPERATING PROFIT(LOSS)  
TO NET CASH INFLOW(OUTFLOW) FROM OPERATING ACTIVITIES**

		Period ended 30 June 1995 £
	1996 £	
Profit(loss) on ordinary activities before taxation	399,735	(399,735)
Increase in debtors	(335,504)	(26,929)
Increase in creditors	20,350	414,164
Net cash inflow(outflow) from operating activities	<u>84,581</u>	<u>(12,500)</u>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 1996**

Net cash inflow(outflow) from operating activities	84,581	(12,500)
<b>Acquisition and disposals</b>		
Purchase of subsidiary undertakings	(4)	-
<b>Financing</b>		
Issue of ordinary share capital	37,500	12,500
<b>Increase in cash</b>	<u>122,077</u>	<u>-</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN  
NET FUNDS**

Increase in cash during the year	122,077
Net funds at 1 July 1995	-
Net funds at 30 June 1996	<u>122,077</u>

## NOTES

(forming part of the financial statements)

### 1. ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been consistently applied, is shown below.

#### Basis of preparation of accounts

These financial statements have been prepared in accordance with the historical cost convention, and in accordance with reporting requirements of the Companies Act 1985 together with applicable accounting standards.

In accordance with the provisions of S229 of the Companies Act 1985 group accounts have not been prepared because the inclusion of both subsidiary undertakings would not be material for the purpose of giving a true and fair view.

#### Other Income

Other income comprises fees charged to shareholders to cover ongoing tender costs.

#### Investments

Investments are stated at the lower of cost and market value.

#### Taxation

The amount included for taxation takes into account taxation deferred because of timing differences in the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is not made unless there is reasonable evidence that it will be payable in the foreseeable future.

### 2. ITEMS IN PROFIT AND LOSS ACCOUNT

		Period ended 30 June 1995 £
	1996 £	
<b>Profit/(loss) on ordinary activities before taxation is stated after charging:</b>		
Auditors' remuneration for:		
Audit services	3,200	3,000
Other services	21,400	22,000

### 3. EMOLUMENTS OF DIRECTORS

The directors did not receive any remuneration during the year or the previous period.



NOTES (Continued)

4. STAFF NUMBERS AND COSTS

The company had no employees during either period.

5. INVESTMENTS

	30 June 1996	30 June 1995
	£	£
Investment in subsidiary undertakings	4	-
Investment in subsidiary undertakings comprises:		
UK Highways M40 Limited 2 ordinary shares of £1	2	-
UK Highways M6 Limited 2 ordinary shares of £1	2	-
	4	-

Both companies are wholly owned, incorporated in Great Britain and registered in England and Wales.  
Both companies were dormant in the year ended 30 June 1996.

6. DEBTORS

	30 June 1996	30 June 1995
	£	£
Due within one year:		
Called up share capital not paid	-	37,500
VAT	44,711	26,923
Other debtors	317,722	6
	362,433	64,429

7. CREDITORS

	30 June 1996	30 June 1995
	£	£
Amounts falling due within one year:		
Trade creditors	172,862	245,235
Amounts owed to subsidiary undertakings	4	-
Accruals and deferred income	261,648	168,929
	434,514	414,164

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996			1995
	Share capital	Profit and loss account	Total shareholders' funds	Total
	£	£	£	£
Shareholders' funds at the beginning of period	50,000	(399,735)	(349,735)	-
Profit/(loss) for the financial period	-	399,735	399,735	(399,735)
New share capital subscribed	-	-	-	50,000
Closing shareholders' funds	50,000	-	50,000	(349,735)

**NOTES** (Continued)

**9. SHARE CAPITAL**

	Authorised		Allotted, Issued & Fully Paid	
	No.	£	No.	£
"L" Ordinary shares of £1	8,000,000	8,000,000	10,000	10,000
"T" Ordinary shares of £1	8,000,000	8,000,000	10,000	10,000
"Tr" Ordinary shares of £1	8,000,000	8,000,000	10,000	10,000
"W" Ordinary shares of £1	16,000,000	16,000,000	20,000	20,000
	<u>40,000,000</u>	<u>40,000,000</u>	<u>50,000</u>	<u>50,000</u>

**10. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 July	Cash Flows	At 30 June
	£	£	£
Cash in hand	<u>-</u>	<u>122,077</u>	<u>122,077</u>

**11. COMPANY STATUS**

The company is owned by Hyder plc (40%), Tarmac plc (20%), John Laing plc (20%), Caisse des Depots et Consignations (16%) and Transroute International SA (4%).