Connect M1-A1 Limited

Report and financial statements for the year ended 31 March 2012

Connect
roads

Registered Number: 02999303

CONNECT M1-A1 LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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CONNECT M1-A1 LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A C Beauchamp
D W Bowler
A Matthews
B R Walker

SECRETARY

N J Marshall

REGISTERED OFFICE

6th Floor
350 Euston Road
Regent's Place
London
NW1 3AX

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

DIRECTOR'S REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31 March 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

There have been no changes to the Company's activities in the year under review and none are currently contemplated

On 26 March 1996 the Company entered into a 30 year concession agreement with the Secretary of State for Transport (the "D B F O Contract") to design, build, finance and operate the M1-A1 Link Road (Lofthouse to Bramham) under the Government's Private Finance Initiative

The M1-A1 Link Road is a motorway link of almost 30 kilometres in length which provides a strategic connection between the M1 and M62 motorways south of Leeds and the A1 Trunk Road south of Wetherby

The Company maintains and operates the M1-A1 Link Road for the duration of the concession and receives revenue from the Secretary of State for Transport in the form of shadow tolls based on the volume of traffic using the road Payment of shadow tolls commenced when the M1-A1 Link Road opened and will continue until the end of the concession In accordance with the concession agreement the Company is responsible for operating the road together with carrying out all of the routine and major life cycle maintenance for the life of the concession

The Company's operating profit and its profit on ordinary activities after taxation are in line with expectations

GOING CONCERN

The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements Further information is provided in note 1 to the financial statements

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 March 2012 are set out on pages 7 to 16 The profit for the year after taxation was £14,427,000 (2011 – £16,116,000)

The Directors declared and paid dividends of £3,500,000 (2011 - £3,000,000)

PRINCIPAL RISKS AND UNCERTAINTIES

The Company recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the D B F O Contract and in delivering a safe and efficient service Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil its contractual obligations

Financial instruments

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions Financial instruments are not used for speculative purposes Interest rate swaps are in place between 1996 and 2024 for notional principal amounts equating to 70% of the expected bank debt that is at a variable rate of interest to give an effective fixed interest rate payable on this debt

Credit and cash flow risks to the Company arise from its client, The Highways Agency The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings with an amortisation profile that matches the expected availability of funds from the Company's operating activities In addition the Company maintains reserve bank accounts to provide short term liquidity against future debt service and other expenditure requirements The Company continues to be profitable with strong reserves in the Balance Sheet and the Directors foresee this to continue in the future

DIRECTOR'S REPORT (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Contractual relationships

The Company operates within a contractual relationship with its primary customer the Highways Agency A significant impairment of this relationship could have a direct and detrimental effect on the Company's results and ultimately could result in termination of the concession To manage this risk the Company has regular meetings with the Highways Agency including discussions on performance, project progress, future plans and customer requirements

KEY PERFORMANCE INDICATORS

The Company has set specific business objectives, which are monitored using a number of key performance indicators ("KPIs") The relevant KPIs for this report are detailed below

	31 March 2012	31 March 2011
	£'000	£'000
Turnover	52,898	51,075
Profit after taxation	14,427	16,116
Net assets	70,121	59,194

DIRECTORS

The following persons were directors of the Company throughout the year

A C Beauchamp
D W Bowler
A Matthews
B R Walker

PAYMENT TO SUPPLIERS

The Company agrees terms and conditions for its business transactions with suppliers Payment is then made to these terms, subject to the terms and conditions being met by the suppliers As at 31 March 2012 creditor days for the Company amounted to 25 days (2011 – 28 days)

AUDITOR

Each of the persons who is a Director at the date of approval of the report confirms that

i) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

ii) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

NJ Marshall

N J Marshall, Secretary
25 July 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CONNECT M1-A1 LIMITED

We have audited the financial statements of Connect M1-A1 Limited for the year ended 31 March 2012 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 19 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CONNECT M1-A1 LIMITED (Continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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

Makhan Chahal (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

25 July 2012

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2012

	Notes	2012 £000's	2011 £000's
TURNOVER	2	52,898	51,075
Cost of sales		(19,841)	(14,345)
GROSS PROFIT		33,057	36,730
Administrative expenses		(251)	(231)
OPERATING PROFIT	4	32,806	36,499
Interest payable and similar charges	5	(13,847)	(15,071)
Interest receivable and similar income	6	187	161
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		19,146	21,589
Tax charge on profit on ordinary activities	7	(4,719)	(5,473)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	14,427	16,116

The Company has no recognised gains or losses in either year other than the reported profit shown above, consequently no statement of total recognised gains and losses is presented

All activities are from continuing operations in the United Kingdom

CONNECT M1-A1 LIMITED

BALANCE SHEET
Year ended 31 March 2012

	Notes	2012 £000's	2011 £000's
FIXED ASSETS			
Tangible assets	9	164,563	179,898
CURRENT ASSETS			
Debtors			
- due within one year	10	6,550	7,625
- due after one year	10	50,768	50,768
Restricted Cash	11	12,320	12,446
Cash at bank and in hand		3,941	4,141
		73,579	74,980
CREDITORS: amounts falling due within one year			
Creditors	12	(5,799)	(6,856)
Borrowings	13	(26,811)	(25,641)
NET CURRENT ASSETS		40,969	42,483
TOTAL ASSETS LESS CURRENT LIABILITIES		205,532	222,381
CREDITORS: amounts falling due after more than one year			
Creditors	12	(8,893)	(9,275)
Borrowings	13	(120,117)	(146,629)
		(129,010)	(155,904)
PROVISIONS FOR DEFERRED TAX	14	(6,401)	(7,283)
NET ASSETS		70,121	59,194
CAPITAL AND RESERVES			
Called up share capital	15	3,000	3,000
Profit and loss account	16	67,121	56,194
SHAREHOLDER'S FUNDS	17	70,121	59,194

These financial statements for Connect M1-A1 Limited, company registration number 02999303, were approved by the Board of Directors on 25 July 2012 and signed on its behalf by

A C Beauchamp
Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2012

1. ACCOUNTING POLICIES

The principal accounting policies have been summarised below They have all been applied consistently throughout the year and the preceding year

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention

The Company is exempt from the requirement of FRS 1 to present a cash flow statement because it is a wholly owned subsidiary of Connect M1-A1 Holdings Limited which prepares consolidated financial statements that include a cash flow statement and are publicly available

Turnover

Revenue is recognised as turnover as it is earned and represents amounts received and receivable from the Highways Agency, exclusive of value added tax, in respect of vehicle shadow tolls as specified in the concession agreement with the Secretary of State for Transport

Taxation

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

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

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment Cost represents original purchase cost, except in the case of the construction cost of the M1-A1 Link Road where interest on finance up to the date of Permit to Use has been capitalised Depreciation of these costs commenced at Permit to Use

The carrying value of this tangible fixed asset is reviewed annually by the directors to determine whether there has been any impairment to its value

Depreciation on the road surface and the balance of the road construction cost is on the basis of usage over the course of the operating life of the concession

Depreciation on other equipment is provided at rates calculated to write off the cost less any residual value on a straight line basis on useful lives of between three and twenty years

NOTES TO THE ACCOUNTS (continued)
Year ended 31 March 2012

1. ACCOUNTING POLICIES (continued)

Borrowings

Borrowings are initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in that period

Finance costs

Finance costs of debt in relation to the Company's senior and subordinated debt are amortised at a constant rate in accordance with the current carrying value of that debt

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements The Company does not hold or issue derivative financial instruments for speculative purposes

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 and 3

The Directors have reviewed the Company's supply chain and do not believe that any specific risk has been identified The Directors have also considered the ability of the client (Highways Agency) to continue to pay shadow tolls due under the D B F O Contract to the Company and do not consider this to be a material risk The Company's forecasts and projections, taking account of reasonably possible counterparty performance, show the Company expects to be able to continue to operate for the full term of the concession After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

2. SEGMENTAL INFORMATION

The Company has a single business segment and all associated assets are UK based

3. REMUNERATION OF DIRECTORS AND EMPLOYEES

No Directors received any remuneration for services to the Company during the year (2011 – £nil) The Company is managed by secondees from the shareholders of the Company's Parent company under a management services contract

The Company had no employees (2011 – none) during the year

The Company does not operate a pension scheme for its directors

4. OPERATING PROFIT

Operating profit is stated after charging

	2012 £000's	2011 £000's
Depreciation	15,480	9,047
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13	17

NOTES TO THE ACCOUNTS (continued)
Year ended 31 March 2012

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £000's	2011 £000's
Senior bank loan	6,013	7,001
European Investment Bank loan	5,674	6,071
Subordinated loan stock 2020	699	762
Subordinated loans	859	856
Financing fees	299	304
Other	303	77
Total interest payable and similar charges	13,847	15,071

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £000's	2011 £000's
Bank interest receivable	187	161

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2012 £000's	2011 £000's
Current tax		
UK corporation tax at 26% (2011 – 28%)	5,601	6,369
Deferred tax credit (note 14)	(882)	(896)
	4,719	5,473

Taxation reconciliation

	2012 £000's	2011 £000's
Profit on ordinary activities before tax	19,146	21,589
Tax on profit on ordinary activities at standard UK corporation tax rate of 26% (2011 – 28%)	4,978	6,044
Effects of		
Depreciation disallowed in respect of finance costs	623	325
Current tax charge	5,601	6,369

NOTES TO THE ACCOUNTS (continued)
Year ended 31 March 2012

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

In the Finance Act 2011 the main rate of UK corporation tax was reduced from 26% to 25% from 1 April 2012 In the March 2012 Budget Statement a further reduction to 24% from 1 April 2012 was announced and this was substantively enacted on 26 March 2012 As a result of these changes the deferred tax balances have been remeasured accordingly

Additional changes were announced in the March 2012 Budget Statement Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 A further reduction is proposed to reduce the main rate to 22% from 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements

8. DIVIDENDS PAID ON EQUITY SHARES

	2012 £000's	2011 £000's
First interim dividend paid of £0 33 (2011 – £1) per ordinary share	1,000	3,000
Second interim dividend paid of £0 83 (2011 – £nil) per ordinary share	2,500	-
	3,500	3,000

9. TANGIBLE FIXED ASSETS

	M1-A1 Link Road £000's	Other equipment £000's	Total £000's
Cost			
At 1 April 2011	267,596	29,698	297,294
Additions	-	145	145
At 31 March 2012	267,596	29,843	297,439
Accumulated depreciation			
At 1 April 2011	96,239	21,157	117,396
Charge for the year	14,808	672	15,480
At 31 March 2012	111,047	21,829	132,876
Net book value			
At 31 March 2012	156,549	8,014	164,563
At 31 March 2011	171,357	8,541	179,898

The cost of the M1-A1 Link Road includes capitalised interest of £42,507,000 (2011 – £42,507,000)

Other equipment comprises traffic management equipment and computers

NOTES TO THE ACCOUNTS (continued)
Year ended 31 March 2012

10 DEBTORS

	2012 £000's	2011 £000's
Amounts falling due within one year		
Trade debtors	355	301
Prepayments and accrued income	6,130	7,262
Amounts due from Group companies	65	62
	6,550	7,625
Amounts falling due after more than one year		
Upstream loan	50,768	50,768
	50,768	50,768

The upstream loan was made in equal shares to Balfour Beatty plc and M1-A1 Yorkshire Limited (part of Barclays Integrated Infrastructure Fund) The loan bears no interest and is repayable from 2016

11. INVESTMENTS HELD AS CURRENT ASSETS

In accordance with the Company's funding arrangements, £12,320,000 is restricted and not available to fund the ongoing operations of the Company (2011 – £12,446,000) These funds are held as interest bearing cash deposits for terms of no longer than six months

12. CREDITORS

	2012 £000's	2011 £000's
Amounts falling due within one year		
Trade creditors	234	417
Other taxation	1,709	1,460
Corporation tax	2,629	3,302
Accruals	1,227	1,677
	5,799	6,856
Amounts falling due after more than one year		
Accruals	2,941	3,209
Deferred Income	5,952	6,066
	8,893	9,275

Accruals falling due within one year and accruals falling due after more than one year include the redemption premium being accreted on the subordinated loans (note 13)

NOTES TO THE ACCOUNTS (continued)
Year ended 31 March 2012

13. BORROWINGS

	2012 £000's	2011 £000's
Subordinated loan stock 2020	5,709	5,709
Subordinated loans	5,600	6,500
European Investment Bank loan	54,936	59,409
Senior bank loan	83,235	103,504
	149,480	175,122
Less unamortised arrangement fees	(2,552)	(2,852)
	146,928	172,270

The borrowings are repayable as follows

	2012 £000's	2011 £000's
Repayable within one year	26,811	25,641
Repayable between one and two years	26,338	26,811
Repayable between two and five years	33,809	48,351
Repayable after five years	62,522	74,319
	149,480	175,122
Less unamortised arrangement fees	(2,552)	(2,852)
	146,928	172,270

The subordinated loan stock 2020 bears interest at 15% per annum which, if not paid, is compounded each March and September

The subordinated loans bear interest at LIBOR plus 4% per annum, with a minimum interest rate of 6% per annum, and are repayable in instalments between 2005 and 2016 In addition to the annual interest cost, the loan includes a redemption premium of £6,500,000 that is being accreted on the effective interest rate over the life of the loan

The European Investment Bank loan is repayable in instalments between 2000 and 2020 A portion of the loan is guaranteed by the European Investment Fund (£22,500,000) The guaranteed portion of the loan bears interest at 9 23% per year and the remaining portion bears interest at 9 53% per year The loan agreement allows the guarantee to be released based on the achievement of certain financial covenants

The senior bank loan bears interest at a margin over LIBOR and is repayable in instalments between 2000 and 2024

The Company has entered into interest rate swap agreements in order to hedge certain senior bank loan borrowings The fair value of the interest rate swaps at 31 March 2012 was a liability of £10,954,000 (2011 - £9,725,000) Market value has been used to determine the fair value

All of the Company's borrowings contain either a fixed or varying security interest over the assets of the Company, as defined by an inter-creditor agreement All borrowings would be repaid in advance of other general creditors in the event of the Company becoming insolvent, except as prohibited by any legal restriction

NOTES TO THE ACCOUNTS (continued)
Year ended 31 March 2012

14. PROVISIONS FOR DEFERRED TAX

Deferred tax

	£000's
At 1 April 2011	7,283
Credited to the profit and loss account (note 7)	(882)
At 31 March 2012	6,401

	2012 £000's	2011 £000's
Capitalised interest and other timing differences	6,401	7,283
Provision for deferred tax	6,401	7,283

15. CALLED UP SHARE CAPITAL

	2012 £000's	2011 £000's
Allotted, called up and fully paid		
3,000,001 ordinary shares of £1 each	3,000	3,000

16. RESERVES

Profit and loss account	2012 £000's	2011 £000's
At 1 April	56,194	43,078
Profit for the year	14,427	16,116
Dividends paid on equity shares (see note 8)	(3,500)	(3,000)
At 31 March	67,121	56,194

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £000's	2011 £000's
Profit for the financial year	14,427	16,116
Dividends paid on equity shares	(3,500)	(3,000)
Net increase in shareholder's funds	10,927	13,116
Opening shareholder's funds	59,194	46,078
Closing shareholder's funds	70,121	59,194

NOTES TO THE ACCOUNTS (continued)
Year ended 31 March 2012

18. RELATED PARTY TRANSACTIONS

Management

Dunng the year to 31 March 2012 the Balfour Beatty Group was employed under contracts with the Company for the provision of management services The value of the contracts in the year was £329,243 (2011 – £361,540) As at 31 March 2012 creditors include £nil (2011 - £18,000) due to Balfour Beatty Group

Maintenance

Dunng the year to 31 March 2012, Balfour Beatty Civil Engineering Limited, a subsidiary of Balfour Beatty plc, was employed under a contract with the Company for the maintenance of the DBFO road The value of the contract in the year was £4,801,229 (2011 - £3,214,000) As at 31 March 2012 the amount due to Balfour Beatty Civil Engineering Limited was £277,710 (2011 - £279,000)

Financing

The Company has issued subordinated loan stock 2020 and subordinated loans divided equally between Balfour Beatty plc and M1-A1 Yorkshire Limited Details of interest incurred and loan balances outstanding under these loan agreements are given in notes 5 and 13 to the accounts respectively

As at 31 March 2012 an amount of £2,939,000 (2011 – £3,209,000) relating to a repayment supplement on the subordinated loans is included in creditors, this amount is payable to Balfour Beatty plc and M1-A1 Yorkshire Limited in equal shares

The Company has issued an upstream loan to Balfour Beatty plc and M1-A1 Yorkshire Limited in equal shares The loan does not bear interest and is repayable over time

19. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

The Company's immediate parent company is Connect M1-A1 Holdings Limited, which is incorporated in Great Britain and registered in England and Wales, whose financial statements may be obtained from 6th Floor, 350 Euston Road, Regent's Place, London NW1 3AX Connect M1-A1 Holdings Limited is the parent company of the largest and smallest group of which the Company is a member and for which group accounts are drawn up

The ultimate parent companies and controlling parties are Balfour Beatty plc and Barclays Integrated Infrastructure Fund LP (acting by its manager, Barclays Infrastructure Funds Management Limited)