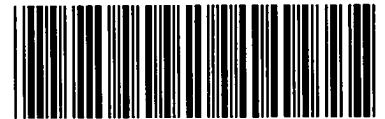


ROAD LINK (A69) LIMITED

Report and Financial Statements

31 March 2014

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REPORT AND FINANCIAL STATEMENTS 2014

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J K Fowler
G Geddo
S A Carr
E J Boot

SECRETARY

C R Franklin

REGISTERED OFFICE

Stocksfield Hall
Stocksfield
Northumberland
NE43 7TN

BANKERS

Lloyds Bank plc

SOLICITORS

Pinsent Masons LLP
5 Old Bailey
London

AUDITOR

Deloitte LLP
Cardiff

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is to maintain the A69 road on behalf of the Secretary of State for Transport and the Highways Agency.

The financial year to 31 March 2014 is the 18th year of trading for the company, and the results and the relationships with suppliers/contractors remain good.

The prospects for the company are promising with 12 years of the concession to maintain the A69 remaining.

The contract is for a fixed term until 31 March 2026 with turnover being related to traffic flow. The directors do not anticipate any material shortfalls in revenue from traffic.

RESULTS AND FUTURE PROSPECTS

The results for the financial year are set out in detail in the profit and loss account on page 6. The financial position of the company at 31 March 2014 is shown in the balance sheet on page 7.

Key performance indicators (KPIs) are used to provide a comprehensive analysis of the performance of the company. The KPIs used include revenues, gross profit and operating profit. KPIs are evaluated by comparing the results to management forecasts. For the year ended 31 March 2014, actual results were in line with management's forecasts for revenue and exceeded management's forecasts by approximately £0.6 million for operating profit.

The directors are satisfied with the company's performance for the financial year and are confident of continued profitable trading in future years given a stable or growing economy.

GOING CONCERN

The company operates under the terms of a PFI contract, for which both finance and facilities are in place for the term of the contract. The directors believe that the company is well placed to manage its business risks successfully. The directors therefore have concluded that the company has adequate resources to continue in operational existence for the duration of the contract. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

The board has considered the risks faced by the company and has sought to address these risks by establishing appropriate governance, management arrangements and robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The company's principal risks relate to compliance with applicable laws and regulations which include Health and Safety matters, as well as compliance with terms attached to the PFI contract under which the company operates. Other risks faced by the company include those related to the management of cash flow and liquidity and the ability to source, develop and retain skilled employees.

Approved by the Board of Directors
and signed on behalf of the Board


S A Carr
Director

24 September 2014

DIRECTORS' REPORT

DIRECTORS

The directors of the company, who served throughout the financial year and subsequently, are as shown on page 1.

DIVIDENDS

The directors paid a final dividend of £1,500,000 (2013 - £1,750,000) in respect of the prior year and interim dividends of £3,750,000 (2013 - £3,250,000) in respect of the current year.

FINANCIAL INSTRUMENTS

The company is affected by interest rate movements; it seeks to hedge against these movements by utilising an interest rate swap. The company does not use derivative financial instruments for speculative purposes. The directors do not consider there to be any other material risks affecting the company.

POST BALANCE SHEET EVENT

Subsequent to the year-end, the directors have proposed and paid a dividend of £1,000,000 (2013 - £1,500,000).

AUDITOR

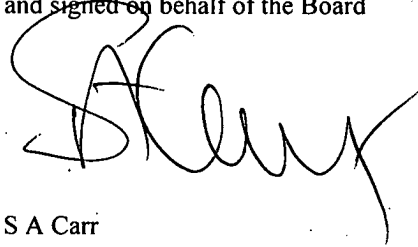
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves 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 have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



S A Carr
Director

24 September 2014

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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 ROAD LINK (A69) LIMITED

We have audited the financial statements of Road Link (A69) Limited for the year ended 31 March 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 23. 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 member 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 member those matters we are required to state to it 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 member, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

David Hedditch

David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

Date 29 September 2014

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2014

| | Note | 2014 £ | 2013 £ |
|--|------|-------------------------|-------------------------|
| TURNOVER | 2 | 11,044,307 | 11,112,471 |
| Cost of sales | | <u>(3,844,178)</u> | <u>(4,094,227)</u> |
| GROSS PROFIT | | 7,200,129 | 7,018,244 |
| Administrative expenses | | <u>(430,766)</u> | <u>(424,923)</u> |
| OPERATING PROFIT | 4 | 6,769,363 | 6,593,321 |
| Interest receivable and similar income | | 6,071 | 10,568 |
| Interest payable and similar charges | 5 | <u>(174,244)</u> | <u>(257,716)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 6,601,190 | 6,346,173 |
| Tax on profit on ordinary activities | 6 | <u>(1,517,827)</u> | <u>(1,523,148)</u> |
| PROFIT FOR THE FINANCIAL YEAR | 15 | <u><u>5,083,363</u></u> | <u><u>4,823,025</u></u> |

All amounts derive from continuing operations.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

BALANCE SHEET
As at 31 March 2014

| | Note | 2014 £ | 2013 £ |
|--|------|-------------|-------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 5,601,975 | 6,551,408 |
| CURRENT ASSETS | | | |
| Debtors | 9 | 836,898 | 930,214 |
| Cash at bank and in hand | | 2,303,641 | 2,660,862 |
| | | 3,140,539 | 3,591,076 |
| CREDITORS: amounts falling due within one year | 10 | (2,942,343) | (2,913,482) |
| NET CURRENT ASSETS | | 198,196 | 677,594 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,800,171 | 7,229,002 |
| CREDITORS: amounts falling due after more than one year | 11 | (794,970) | (2,029,776) |
| PROVISIONS FOR LIABILITIES | 13 | (1,407,899) | (1,435,287) |
| NET ASSETS | | 3,597,302 | 3,763,939 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 2 | 2 |
| Profit and loss account | 15 | 3,597,300 | 3,763,937 |
| SHAREHOLDER'S FUNDS | 15 | 3,597,302 | 3,763,939 |

The financial statements of Road Link (A69) Limited, registered number 3125840, were approved by the Board of Directors and authorised for issue on 24 September 2014.

Signed on behalf of the Board of Directors



S A Carr
Director

CASH FLOW STATEMENT
Year ended 31 March 2014

| | Note | 2014 £ | 2013 £ |
|--|---------|-------------------------|-----------------------|
| Net cash inflow from operating activities | 16 | <u>7,881,607</u> | <u>8,323,347</u> |
| Returns on investments and servicing of finance | | | |
| Interest received | | 6,071 | 10,568 |
| Interest paid | | <u>(174,244)</u> | <u>(257,716)</u> |
| Net cash outflow from returns on investments and servicing of finance | | <u>(168,173)</u> | <u>(247,148)</u> |
| UK corporation tax paid | | <u>(1,460,294)</u> | <u>(1,672,558)</u> |
| Investing activities | | | |
| Payments to acquire tangible fixed assets | | (197,825) | (96,355) |
| Proceeds from sale of tangible fixed assets | | - | 72 |
| Net cash outflow from investing activities | | <u>(197,825)</u> | <u>(96,283)</u> |
| Equity dividends paid | | <u>(5,250,000)</u> | <u>(5,000,000)</u> |
| Net cash inflow before financing | | <u>805,315</u> | <u>1,307,358</u> |
| Financing | | | |
| Bank loan repaid | 17 | <u>(1,162,536)</u> | <u>(1,162,536)</u> |
| Net cash outflow from financing | | <u>(1,162,536)</u> | <u>(1,162,536)</u> |
| (Decrease)/increase in cash in the year | 17 & 18 | <u><u>(357,221)</u></u> | <u><u>144,822</u></u> |

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2014****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom generally accepted accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company operates under the terms of a PFI contract, for which both finance and facilities are in place for the term of the contract. The directors believe that the company is well placed to manage its business risks successfully. The directors therefore have concluded that the company has adequate resources to continue in operational existence for the duration of the contract. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for any impairment. Tangible fixed assets are depreciated in equal annual instalments over their estimated useful lives. Provision is made for any impairment identified. The rates of depreciation are as follows:

| | | |
|---------------------|----------------------------------|---------------------------|
| Roads | - Haltwhistle by-pass | - 5% per annum |
| | - Improvements | - Remainder of concession |
| Plant and equipment | - traffic counting equipment | - 10% per annum |
| | - office furniture and equipment | - 20% per annum |
| | - computer equipment | - 33 1/3% per annum |

Road and structure maintenance work

Maintenance work carried out on the A69 road, by-pass road and structures on the roads is assessed, for each particular case, as to the element of capital and revenue expenditure. Where work of a capital nature is identified, the costs associated with that work are capitalised and written off over the remaining life of the concession. Work of a revenue nature is written off in the year incurred.

Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable in accordance with the rules of the scheme. Amounts paid in excess of the annual charge are shown as prepayments at the year-end. An accrual is recorded where the annual charge exceeds the payment made.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1. ACCOUNTING POLICIES (continued)

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial instruments

Only interest rate derivative instruments are utilised by the company. The company does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of the company in line with the company's risk management policies. The derivative instrument is off balance sheet, and no charges are made to the profit and loss account.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2. TURNOVER AND REVENUE RECOGNITION

Turnover is stated net of VAT and trade discounts. Turnover represents revenue due from the Highways Agency as calculated by the DBFO (Design, Build, Finance & Operate) contract. The calculation of "shadow tolls" is based on vehicle usage of the A69 in the period of account.

The turnover and pre-tax profit, which arise in the United Kingdom, are attributable to the company's principal activity. Revenue is recognised in relation to the period in which the service is provided.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 2014 No. | 2013 No. |
|---|----------------|----------------|
| Average number of persons employed (including directors) | | |
| Directors | 4 | 4 |
| Company secretary | 1 | 1 |
| Administration | 7 | 7 |
| | <u>12</u> | <u>12</u> |
| | £ | £ |
| Staff costs | | |
| Wages and salaries | 239,812 | 241,820 |
| Social security costs | 29,553 | 28,672 |
| Other pension costs | 21,908 | 22,244 |
| | <u>291,273</u> | <u>292,736</u> |

Directors' emoluments

No directors received remuneration from this company during the current or the prior financial year for their services to this company. The directors are remunerated by the parent companies for their services and it is considered that the amount receivable in respect of qualifying services to this company is £nil (2013 - £nil).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

4. OPERATING PROFIT

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Operating profit is stated after charging | | |
| Depreciation of tangible fixed assets – owned assets | 1,147,258 | 1,132,977 |
| Operating lease rentals – other | 23,387 | 23,387 |
| Auditor's remuneration – audit fees | 8,650 | 8,484 |
| – tax compliance fees | 5,104 | 6,429 |
| | <u>1,184,400</u> | <u>1,171,277</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2014 £ | 2013 £ |
|-------------------------------|----------------|----------------|
| Bank loan commission and fees | 22,724 | 22,724 |
| Bank loan interest | 151,444 | 234,516 |
| Other interest | 76 | 476 |
| | <u>174,244</u> | <u>257,716</u> |

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2014 £ | 2013 £ |
|--|--------------------|--------------------|
| Current taxation | | |
| United Kingdom corporation tax: | | |
| Current tax on income for the year at 23% (2013 – 24%) | (1,518,258) | (1,523,148) |
| Adjustment in respect of prior years | 431 | - |
| Total current tax | <u>(1,517,827)</u> | <u>(1,523,148)</u> |

During the prior year reductions to the UK tax rate were announced. The reductions have seen a decrease in the corporation tax rate to 21% from 1 April 2014 and will see a further reduction to 20% from 1 April 2015. Both were substantively enacted on 2 July 2013. The proposed changes are not expected to materially affect the tax charge of the company.

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

| | £ | £ |
|---|--------------------|--------------------|
| Profit on ordinary activities before tax | 6,601,190 | 6,346,173 |
| Tax on profit on ordinary activities before tax at 23% (2013 – 24%) | (1,518,274) | (1,523,082) |
| Factors affecting charge for the year | | |
| Prior period adjustments | 431 | - |
| Expenses not deductible for tax purposes | (193) | (197) |
| Capital allowances in excess of depreciation | 209 | 131 |
| Current tax charge for the year | <u>(1,517,827)</u> | <u>(1,523,148)</u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

7. DIVIDENDS

| | 2014 £ | 2013 £ |
|---|------------------|------------------|
| Final paid - £750,000 (2013 - £875,000) per share | 1,500,000 | 1,750,000 |
| First interim paid - £1,250,000 (2013 - £1,000,000) per share | 2,500,000 | 2,000,000 |
| Second interim paid - £625,000 (2013 - £625,000) per share | 1,250,000 | 1,250,000 |
| | <u>5,250,000</u> | <u>5,000,000</u> |

8. TANGIBLE FIXED ASSETS

| | A69 Haltwhistle by-pass £ | A69 improve- ments £ | Plant and equipment £ | Total £ |
|---------------------------------|------------------------------------|-------------------------------|-----------------------------|-------------------|
| Cost | | | | |
| At 1 April 2013 | 16,983,000 | 5,479,169 | 170,604 | 22,632,773 |
| Additions | - | 164,258 | 33,567 | 197,825 |
| Disposals | - | - | (33,366) | (33,366) |
| At 31 March 2014 | <u>16,983,000</u> | <u>5,643,427</u> | <u>170,805</u> | <u>22,797,232</u> |
| Accumulated depreciation | | | | |
| At 1 April 2013 | 13,374,112 | 2,538,567 | 168,686 | 16,081,365 |
| Charge for the year | 849,150 | 294,731 | 3,377 | 1,147,258 |
| Disposals | - | - | (33,366) | (33,366) |
| At 31 March 2014 | <u>14,223,262</u> | <u>2,833,298</u> | <u>138,697</u> | <u>17,195,257</u> |
| Net book value | | | | |
| At 31 March 2014 | <u>2,759,738</u> | <u>2,810,129</u> | <u>32,108</u> | <u>5,601,975</u> |
| At 31 March 2013 | <u>3,608,888</u> | <u>2,940,602</u> | <u>1,918</u> | <u>6,551,408</u> |

9. DEBTORS

| | 2014 £ | 2013 £ |
|---------------|----------------|----------------|
| Trade debtors | 827,617 | 910,532 |
| Prepayments | 9,281 | 19,682 |
| | <u>836,898</u> | <u>930,214</u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Bank loan | 1,162,536 | 1,162,536 |
| Trade creditors | 90,050 | 113,816 |
| Amounts owed to related parties (see note 21) | 281 | 2,695 |
| Corporation tax | 818,258 | 760,725 |
| Other creditors including taxation and social security | 454,899 | 441,394 |
| Accruals and deferred income | 416,319 | 432,316 |
| | <u>2,942,343</u> | <u>2,913,482</u> |

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2014 £ | 2013 £ |
|-----------------|----------------|------------------|
| Bank loan | - | 1,162,536 |
| Deferred income | 794,970 | 867,240 |
| | <u>794,970</u> | <u>2,029,776</u> |

12. BORROWINGS

| | 2014 £ | 2013 £ |
|---|------------------|------------------|
| Analysis of bank loan repayments | | |
| Within one year | 1,162,536 | 1,162,536 |
| Between one and two years | - | 1,162,536 |
| | <u>1,162,536</u> | <u>2,325,072</u> |

The bank loan is secured by a specific equitable charge over the Haltwhistle by-pass and fixed and floating charges over the remaining assets of the company. Interest is charged at LIBOR plus 0.8% plus 0.004% costs.

The loan is repayable in six-monthly instalments which commenced in the year ended 31 March 1999 and is repayable by 31 March 2015.

13. PROVISIONS FOR LIABILITIES

| | 2014 £ | 2013 £ |
|------------------------------------|------------------|------------------|
| Life cycle provision | | |
| At 1 April | 1,435,287 | 992,643 |
| Charged to profit and loss account | 681,842 | 958,791 |
| Utilised | (709,230) | (516,147) |
| At 31 March | <u>1,407,899</u> | <u>1,435,287</u> |

The company is committed, under the terms and conditions of the DBFO contract, to carry out repair and maintenance work to roads and structures in order to maintain the standard of the roads during the contract term and to leave them with a ten-year life at the end of the contract period.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

14. CALLED UP SHARE CAPITAL

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Called up, allotted and fully paid 2 ordinary shares of £1 each | 2 | 2 |

15. STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

| | Share capital £ | Profit and loss account £ | 2014 £ | 2013 £ |
|-------------------------------|-----------------------|------------------------------------|-------------|-------------|
| At 1 April | 2 | 3,763,937 | 3,763,939 | 3,940,914 |
| Profit for the financial year | - | 5,083,363 | 5,083,363 | 4,823,025 |
| Dividends | - | (5,250,000) | (5,250,000) | (5,000,000) |
| At 31 March | 2 | 3,597,300 | 3,597,302 | 3,763,939 |

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Operating profit | 6,769,363 | 6,593,321 |
| Depreciation | 1,147,258 | 1,132,977 |
| Decrease in debtors | 93,316 | 232,044 |
| Decrease in creditors | (100,942) | (77,639) |
| (Decrease)/increase in provisions | (27,388) | 442,644 |
| Net cash inflow from operating activities | 7,881,607 | 8,323,347 |

17. ANALYSIS OF NET FUNDS

| | At 1 April 2013 £ | Cash flow £ | Non-cash movements £ | At 31 March 2014 £ |
|--------------------------|----------------------------|----------------|----------------------------|-----------------------------|
| Cash at bank and in hand | 2,660,862 | (357,221) | - | 2,303,641 |
| | 2,660,862 | (357,221) | - | 2,303,641 |
| Debt due within one year | (1,162,536) | 1,162,536 | (1,162,536) | (1,162,536) |
| Debt due after one year | (1,162,536) | - | 1,162,536 | - |
| | 335,790 | 805,315 | - | 1,141,105 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| (Decrease)/increase in cash in the year | (357,221) | 144,822 |
| Cash outflow from decrease in debt financing | 1,162,536 | 1,162,536 |
| Movement in net funds/(debt) in the year | 805,315 | 1,307,358 |
| Net funds/(debt) brought forward | 335,790 | (971,568) |
| Net funds carried forward | 1,141,105 | 335,790 |

19. OPERATING LEASE COMMITMENTS

At 31 March, the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|----------------------------|--------------------|-----------|
| | 2014 £ | 2013 £ |
| Leases which expire | | |
| Within one year | - | - |
| Between two and five years | - | 22,000 |
| | 22,000 | 22,000 |

20. DERIVATIVE FINANCIAL INSTRUMENTS

The company has one interest rate swap contract which expires on 31 March 2015; the fair value of the interest rate swap at 31 March 2014 was a liability of £51,235 (2013 – liability of £173,664). The fair value of the interest rate swap contract has been determined by reference to prices available from the market on which the instrument involved is traded.

At the balance sheet date, the total notional amount of the outstanding interest rate swap contract is £1,162,536 (2013 - £2,325,072).

These amounts are based on market values of equivalent instruments at the balance sheet date.

21. RELATED PARTY TRANSACTIONS

During the year, the company has been re-charged costs (excluding VAT) incurred by the following companies (these companies are either shareholders of the parent company or companies controlled by the shareholders):

| | Costs £ | Balance owed at 31 March 2014 £ | Costs £ | Balance owed at 31 March 2013 £ |
|---------------------------------|------------|---|------------|---|
| Henry Boot Construction Limited | 2,143 | - | 2,045 | 600 |
| Henry Boot PLC | 21,909 | 281 | 24,089 | 2,095 |
| | 24,052 | 281 | 26,134 | 2,695 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

22. PARENT UNDERTAKINGS AND CONTROLLING PARTY

The company's immediate parent undertaking is Road Link (A69) Holdings Limited, a company incorporated in England and Wales. Copies of its financial statements may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

The ultimate parent undertaking of Road Link (A69) Holdings Limited is Henry Boot PLC, the financial statements of which are publicly available. Henry Boot PLC is incorporated in England and Wales and owns 61% of the issued share capital of Road Link (A69) Holdings Limited. This is the smallest and largest group in which the results of the company are included.

The directors are of the opinion that there is no ultimate controlling party.

23. POST BALANCE SHEET EVENT

Subsequent to the year-end, the directors have proposed and paid a dividend of £1,000,000 (2013 - £1,500,000).